



## **Ukraine National Initiatives to Enhance Reforms Project**

### **Semi-annual Performance Report**

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**Submitted by Pact, Inc.**

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## **I. Executive Summary**

The Ukraine National Initiatives to Enhance Reforms (UNITER) project's fourth year was marked by a wide range of versatile activities across the regions of Ukraine. Pact focuses on building stronger sector-based networks and provisions of advanced, in-depth capacity building. Moreover, significant efforts were invested in support of advocacy efforts, both on the national and local levels.

The main highlight of the reporting period is the final adoption of the Law #7262-1 on Public Associations, which became possible due to a multi-year advocacy campaign conducted by a broad range of civil society actors and led by Ukrainian Center for Independent Political Research, UNITER key partner. This legislation, which is becoming effective on January 1, 2013, substantially improves legislative environment for CSOs, simplifying the conditions for registration and operation of such organizations and granting NGOs the right to engage in economic activities. Another success is the adoption of the Strategy for the Government Policy for Civil Society Development and the establishment of Civil Society Coordination Council. Furthermore, the reporting period was highlighted by the adoption of several legislative documents which harmonize Ukrainian legislation with the Law on Access to Public Information, advocated with UNITER support, and the Law on Information.

Moreover, the first half of FY12 has been marked by civil society mobilization dedicated to the upcoming parliamentary election in Ukraine. In this context, the launch of Civic Movement CHESNO and the related "Filter the Parliament!" campaign became the highlight of the period. The non-partisan non-governmental Movement, initiated by UNITER-supported New Citizen Platform, unites a broad variety of civic activists across all the regions of Ukraine. It aims to educate and mobilize voters, encouraging the latter to exert their voice, make a conscious choice and prevent the candidates not meeting publicly designed criteria of integrity from penetrating the parliament.

Outputs in the first half of the fourth year of implementation include:

### **Advocacy**

- 25 public policies and laws were adopted, among which 8 – on the national level, 7 – on the local level, 10 – in Crimea. 17 policies - are currently under governmental consideration. 22 of the adopted policies mad positive modifications to enabling legislation/regulation for civil society, among which 8 – on the national level, 6 – on the local level, and 8 – in Crimea.
- 31 NGOs were supported for advocacy initiatives, which organized 18 advocacy campaigns, involving 105 CSOs;
- 25 applications were received for the "Parliamentary election in Ukraine 2012: Support of Civil Initiatives" competition, launched by UNITER in cooperation with East Europe Foundation;

### **Crimea Program**

- 65 applications were received from Crimea Civic Innovation Fellowship program, out of which 12 candidates were selected to participate and completed the Program
- 13 Crimean citizens' initiatives were launched to improve cooperation/dialogue with local government;

- UNITER-supported Community Enhancement Centers, Civic Innovation Fellows, and GarageGang Kollektiv jointly conducted Generation Celebration – 2012 Program, bringing innovative community mobilization and crowd funding mechanisms to five local Crimean communities

### **Capacity Development**

- One regional and one national offline Marketplace Fairs were held, and one additional Marketplace Fair was conducted as a side-event at the 4<sup>th</sup> National Civic Assembly of Ukraine conference; 33 training providers presented their services during the events. Additionally, three regional and one national Marketplace discussions were held to explore the need of capacity development service providers and users, to assess UNITER capacity building voucher program and NGO Market web-portal, and to improve the format of offline Marketplace Fairs.
- Administration of UNITER Capacity Development Voucher Program was outsourced to the local partner ISAR Ednannia
- 329 service providers are registered on the online Marketplace website ([ngomarket.org.ua](http://ngomarket.org.ua)).
- One strategic planning session was held for New Citizen coalition of NGOs
- 51 capacity building vouchers were redeemed in the first half of the FY12. The services obtained through the Voucher Program included strategic planning sessions, one-year training program on NGO management, as well as trainings and consultations on financial management, strategic planning, fundraising, communication strategy, ToT, M&E etc.;
- 200 CSOs improved their internal organizational capacity using USG Assistance (through UNITER)

### **The highlights of the national advocacy**

- The Law #7262-1 “On Public Associations” passed the second parliamentary reading on March 22, 2012, with the following signing by the President (on April 13, 2012). The adoption of this legislation became possible due to a multi-year advocacy campaign, led by Ukrainian Center for Independent Political Research – UCIPR (the main proponent of the legislation since 2006 and, eventually, UNITER key partner) and involving a broad variety of civic activists and experts. The Law introduced a number of significant improvements to the legislative framework for CSOs. In particular, it abolished territorial status of NGOs; simplified registration procedures; authorized both legal entities and private persons to establish NGOs; and provided NGOs with the right to conduct economic activities.
- Another success, achieved much due to UCIPR efforts, was the Decree of the President of Ukraine # 32/2012 “Issues of civil society development in Ukraine”, issued on January 25, 2012. The Decree established a Coordinating council for civil society development as an advisory body for the President, and gave the Council an assignment to develop draft Strategy of government policy civil society development and draft Priority Action Plan for the implementation of the Strategy. Besides, the Council is given the powers to: develop yearly action plans for implementation of the Strategy (which shall serve as a basis for respective yearly plans of all executive bodies); monitor the implementation of the Strategy; develop, provide expertise and proposals for draft President’s Decrees and draft laws pertaining to civil society development; initiate public hearings on draft legal

acts pertaining to civil society development. In addition, the resolution established transparent and effective procedures for NGOs to get access to government funding.

- Moreover, UCIPR advocacy efforts greatly contributed to the adoption of the Cabinet of Ministers ' Resolution #1049 "On the Approval of the Procedure for Contests for Projects NGOs and Programs, Monitoring and Evaluation of Their Results" on October 12, 2011. The resolution regulates contest-based and project-based distribution of government financial support for CSOs; expands contest-based funds distribution on most of cases of financial support for organizations of disabled people and veterans; defines procedures for contests and criteria for evaluation of project proposals; provides for elimination of conflict on interests within distribution of government financial support for CSOs; establishes complementary monitoring of activities of CSOs, held under government financial support. UCIPR has actively worked on the draft of the resolution and has advocated its adoption since 2009, under the UNITER-funded project “Improving the Legal Framework for Civil Society in Ukraine”.
- A number of improvements have been made to the legislative framework regulating access to public information.
  - On November 21, 2011, the Cabinet of Ministers of Ukraine (CMU) issued the Decree #1277 "Issues of the System of Public Information Registration", as a result of the efforts of UNITER-supported Media Law Institute (MLI) and New Citizen (NC) platform. The decree is a subordinate legislative document to the Law on Access to Public Information improving the implementation of the law and, in particular, the process of answering requests for information. MLI lawyers prepared the draft of the Decree and sent it to the governmental agencies, and NC members participated in the working groups under the State Committee of TV and Radio.
  - On the same date, November 21, 2011, CMU issued the Decree #1330 “On amendments to the Decree #3 of January 4, 2002 on display of information on the government websites”, which also improved practical implementation of the Law on Access to Public Information. According to the decree, CMU and other governmental agencies have to publish all adopted legislative acts, the list of administrative services and the conditions for receiving such services; and reports, including those on the number of the fulfilled access to information requests. Moreover, governmental agencies are obliged to publish the adopted documents on their websites no later than 5 days after their adoption.
  - Furthermore, the efforts of New Citizen coalition resulted in the withdrawal of the draft Law # 9153 on amendments to some legislative acts of Ukraine regarding the access to information with restricted access" If adopted, the law would have had a number of negative effects, namely: 1) it would eliminate the legal norm that classifying information can be introduced on the level of a law only and would enable the Cabinet of Ministers to define the procedures for access to classified information 2) it would grant the Security Service (SBU) the authority to control the access to classified information.

- Another disadvantageous legislative initiative removed from the parliamentary agenda due to New Citizen's efforts was the initiative of the Crimean parliament on amendments to the Law on Public information which was expected to be adopted by VR of Crimea on November 16, 2011. If adopted, the legislation would significantly restrict access to public information. To prevent the adoption of this document, NC members widely distributed an open statement urging the VR of Crimea to refuse to initiate the project; and sent appeals to the parliamentary Freedom of Speech Committee and the parliament of Crimea. As a result, the issue was removed from the agenda.
- The Association of Farmers and Private Landowners of Ukraine (AFPLU) has advocated against the adoption of the provisions of the bill No. 9001-d "On the Land Market" which would limit legal entities' rights to use and acquire agricultural land. The AFPLU team has worked to ensure that the interests of small farmers are protected. On this initiative, AFPLU cooperated with the Ukrainian League of Industrialists and Entrepreneurs, the UAC, the Independent Association of Ukrainian Banks, the American Chamber of Commerce, the European Business Association, the Ukrtsukor National Association of Sugar Producers, the Ukroliyprom Association, and the Union of Dairy Enterprises of Ukraine.
- The Center for CSR Development (CSR Center) has continued to advocate for the adoption of the National Strategy for CSR for 2011 – 2015. Prime-Minister Azarov commissioned the government to review the draft of the Concept of the National CSR Strategy, and on March 1, 2012, the First Vice-Prime-Minister Khoroshkovsky sent a corresponding assignment to the Ministries of Economic Development, Ecology, Justice, Finance, and Social Policy, as well as to the State Consumption Inspection and the State Science Agency.

In addition, ongoing project activities included the following:

- In partnership with the East Europe Foundation, UNITER continues to support local initiatives. Currently, EEF is administering three coalition projects under the second phase of Local Grants Program (LGP). The coalitions comprised the total of 16 regional and national level organizations. The projects focus on (1) the reform of the institute of local-level referendum; (2) bringing utilities sector under public control, and (3) public monitoring of the piloting of the law on the reforming the public health system. The peculiarity of the current local grants round is that it is focused on support of sectoral networks from different regions that are bringing local issues to the national government agenda.
- Pact further supports Civic Expertise Council (GER, which stands for “Gromadska Ekspertna Rada”), which works to advance the European integration of Ukraine. GER provides a platform for different stakeholders (including CSOs, civic activists, journalists, public figures, international community, parliament and government representatives) to effectively discuss, initiate and implement reforms. In addition, it conducts an on-going awareness/education program and strengthens civic-government-private-international partnership for reform.

- Due to UNITER support, two important research projects were completed in Crimea. Razumkov Center has presented its policy recommendations to the Crimean government, which identify the steps to improve the life quality of Crimean residents. Also, the Crimean Engineer Pedagogical University completed and presented the research on the civil society participation in local governance, which encouraged Ministry of Regional Development of Crimea to hold a public discussion on creation of effective regional management system, using local potential and resources, providing of administrative and social services to Crimean population.
- UNITER brought together Community Enhancement Centers, Civic Innovation Fellows and the Kyiv-based NGO GarageGang Kollektiv (GGGGK) to realize Generation Celebration – 2012 Program in Crimea. Due to the program, five local Crimean communities gained an insight in creative and innovative community mobilization tools and social interaction forms, in particular Sunday Borsch crowd funding format.
- Pact continued to provide capacity building and organizational development assistance in key competencies such as public policy advocacy, policy analysis, communication, facilitation, sectoral networking and financial sustainability. More importantly, UNITER provided advanced capacity development to key Ukrainian civil society partners to prepare them for direct international support. Furthermore, Pact partnered with OSI Think Tank Foundation to develop the capacity of the leading Ukrainian think tanks to deliver and effectively promote high-quality analytical products.
- To develop partners' financial sustainability, Pact has supported 10 Ukrainian organizations to prepare for international audit by completing an audit readiness program. Three of the NGOs involved have already passed a test audit and a control one, prepared their capacity development plans and began to implement them. The other seven CSOs have passed the test audit and are currently working on their capacity development plans.
- UNITER implements, promotes the capacity building marketplace mechanism, consisting of three components, namely: online marketplace platform, offline marketplace fairs, and voucher system. The voucher system has been modified (now granting more financial responsibility to local organizations) and outsourced to the local NGO ISAR Ednannia, who now administers and promotes the Voucher Program. Finally, UNITER continued to negotiate with a number of other donors to encourage them to use Marketplace framework to distribute their capacity development support.

Pact's method of intervention to attain its objectives and addressing civil society needs are based on:

- Facilitation and networking – encouraging issue-based relationships to influence the local constituency's mindset change and assist in changing donor practices.
- Infusing innovative and entrepreneurial approaches in civil society – supporting market-based, entrepreneurial approaches in civil society projects and capacity building to sustain Ukrainian civic courage and NGOs and preparing them for the post-donor environment.

- Reinforcing home-grown leadership in civil society – identifying and matching local needs with local solutions by reaching out to spheres of public life that are not traditionally considered part of the “third sector.”

Pact undertakes these to meet the four core UNITER program objectives (and their thematic sub-objectives):

- **Objective 1:** NGOs better represent citizen interests and drive reform through more effective advocacy, monitoring and activism. In addition, sub-objectives of UNITER theme or region-specific project components (UNITER’s election-oriented project component falls under the general objective 1):
- *Crimea component:*
  - Sub-Objective 1: Crimean NGOs better represent citizens’ interests on the local level.
  - Sub-Objective 2: Increase the quantity and quality of policy interaction on Crimean issues.
- **Objective 2:** The relevant legislative framework for civil society approaches European standards.
- **Objective 3:** NGOs are transparently governed and capably managed.
- **Objective 4:** Civil society organizations are more financially sustainable and less dependent on foreign donors.

## II. Political Context and Civil Society Development in Ukraine

### Reforms

The ambitious plan of reforms that was presented in 2010 has raised a lot of expectations on improvement in Ukraine’s economy and state. Two years passed despite the optimistic statements from the government Ukraine still finds itself in continued worsening economic situation. Very few attempts were made to implement the ambitious reforms and when they were made the outcomes triggered increased criticism both home and abroad. The most significant developments were made in the following areas:

- **Pension reform** – The government has admitted the lack of support from citizens of the reform which influenced the effectiveness of its implementation. Analysts conclude that government actions did not aim for significant structural reform of the pension system. Instead of solving the critical issues the current system received minor renovations such as increase in retirement age, decrease the current pension and benefits especially for the most vulnerable groups such as disabled, Chernobyl workers, working pensioners and other similar low-income groups.<sup>1</sup> Despite the changes, the 2012 budget of the Pension Fund still has the same deficit as in 2010. The pension system still has to be modernized to ensure it meets the declared goal of reform “to improve the social net for those who have lost their ability to work and to ensure them a decent living standard through the stable evolution of the pension system based on a balance between the interests of

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<sup>1</sup>Rozenko, P. (2012). Economic Pravda on 24.01.2012 <http://www.epravda.com.ua/publications/2012/01/24/313727/>



pensioners and the interests of those who are still working.<sup>2</sup> For this to happen there is a need to introduce accumulative mandatory state pension insurance and ensure private insurance for voluntary participation.

- **State subsidies reform** – Similar to the pension reform the legislative initiatives that regulated the social security benefits provided by state received resistance from the vulnerable groups. The reform meant to cut government spending where subsidies constitute over 10% of the annual budget. However government postponed the reform mainly due to resistance of major stakeholders in the bureaucratic machinery and beneficiaries of these subsidies.<sup>3</sup> It is unlikely that this reform will be happening during the election year because of political risks it inclines.
- **Rule of Law** – The independent judicial system and the principle of rule of law in the country are named to be critical for the future democratic development of Ukraine.<sup>4</sup> Little progress in this area is one of the reasons for pause in EU integration processes. The legal prosecution of the opposition proves dependence of the court system. Criminal Procedure Code that was approved by Verkhovna Rada over the night in April is a positive step towards adopting European standards in judicial system. However the legislation is yet to go through Council of Europe review to ensure that the key principle for fair justice is kept in the final draft.

Overall, the economic situation of Ukraine remains unstable as the public debt is growing.<sup>5</sup> The IMF demanded reforms of the social security benefits and increase of public utilities prices has been delayed mostly due to the fear of the government to provoke even greater protests. The political competition and lack of accountability slows down the process of many other reforms including land reform, fight with corruption, and establishment of rule of law or reforming public administration. All of these reforms require taking political risk in the year of upcoming Parliamentary elections and are unlikely to happen in the nearest future.

## European Integration

Despite the overall little progress in the promised economic reforms the first half of 2011 was remarked by a significant progress in negotiations with EU. The President's assurance on different occasions set expectations high for Ukraine to sign the Association Agreement during the Summit in December 2011. The progress in negotiations and perceived political will was a strong enabling factor for engagement of civil society in policy processes. Appealing to the government through international decision makers on critical issues like NGO law or implementation of the law on access to public information significantly helped civil society in advocating for these issues.

However during the second half of 2011 the hopes for progress in relationships with EU collapsed and the political will turned into illusions. The infamous criminal prosecutions of the opposition leaders once again showed the dependence of justice system in Ukraine were the

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<sup>2</sup> Source: [http://www.president.gov.ua/docs/Programa\\_reform\\_FINAL\\_2.pdf](http://www.president.gov.ua/docs/Programa_reform_FINAL_2.pdf)

<sup>3</sup> Boyarchuk, D. and Dubrovskiy V. (2012). Social Protection Ukraine style or where does money go? The Case Ukraine.

<sup>4</sup> Teft, J.(2012). Ukrainska Pravda on 19.04.2012 <http://www.pravda.com.ua/columns/2012/04/19/6963027/>

<sup>5</sup> Implementation of the ENP in Ukraine – Progress in 2011 and recommendations for actions.

main reasons for slowing EU integration process. Ukraine's commitment to common European values and respect for democratic principles including rule of law, good governance, human rights and freedoms is the main requirement for further integration. The December Summit ended with the formal statement of finished negotiations and encouragement for Ukraine to proceed further in democratic reforms. Even though on March 30<sup>th</sup> the Association Agreement was finally initialed, its future ratification is under serious doubt. With the intensified public criticism from several European politicians and rhetoric about sanctions, Ukraine's integration is less likely to happen in the near future.

## **Upcoming Election**

Preparations for the October Parliamentary elections have started long before the official start of campaign with the development of the new legislation on election. The new legislation introduced a mixed electoral system that was previously criticized for providing opportunities for greater usage of administrative resources. However, during the voting in Verkhovna Rada both the ruling and opposition parties voted for this legislation to be adopted, thus confirming the consensus over it.

The 2012 Parliamentary elections will become the milestone for Ukraine's democracy. The level of fairness and transparency will be determining factor for its' future trajectory. International attention is now focused to the ensuring the transparency and fairness of the process. As during Presidential elections of 2010, the worsening economic situation and lack of issue-based debates beyond populist slogans lead to the great apathy of the voters and creates a room for new faces in opposition. To gain more trust from voters the opposition moves towards unification, but according to sociologists this move without joint platform did not result in increased voter support.<sup>6</sup> Thus civil society activists see a window of opportunity to participate in political processes by nominating themselves to run for election. Affected by idealistic views and political ambitions, activists still see this as the only way to change the current situation in Ukraine. By engaging in political activities and running for the Parliament civil society activists undermine the effectiveness of their work. Distracted from their regular activities they also ruin the image of civil society as an independent movement that represents citizen's interests. More skepticism arises to the work that they are doing and interests that they perceive. Moreover, the ability of civil society to actually represent citizens' interest after being elected is also doubtful as Ukraine as well as other neighboring countries has seen the failure of such NGO parties and candidates.

## **Government collaboration with NGOs**

Heavily criticized for being non-democratic, the Ukrainian government realizes the need to improve its image both home and abroad. Engaging more with the civil society is one of the strategies to show their openness and eagerness to collaborate. While many see these efforts as being rather formal and artificial, it has resulted in some policy changes that civil society is advocating for. The implementation of these policies will depend on the continued pro-activeness of the civil society in monitoring and watchdogging of the process. Law on Public Associations that was approved by Verkhovna Rada and signed by the President is one of the prominent examples of such intensified collaboration. Since 2005 many civil society

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<sup>6</sup> <http://www.newsru.ua/ukraine/06mar2012/wyboryrn2012.html>

organizations united their effort to advocate for the approval of this legislation it has become possible only now. Beginning 2013, Ukrainian civil society will enjoy simplified registration procedures, abolishment of the territorial status, and be able to conduct economic activities to generate revenue as provided by the new legislation.

The greater engagement of the civil society in decision making is also encouraged now by the Strategy for the Government Policy for Civil Society Development. The Strategy aims to strengthen civil society in Ukraine as the basis for democratic development of the state; establishes public control over governmental activities and regular consultations with the public on issues important for the civil society. The Action Plan that was designed under the Strategy assigns responsible government agencies for specific policies, e.g. Ministry of Justice is responsible to support the legislation drafts that are now in discussion in Verkhovna Rada, including the draft law on Charity and Charitable Organizations, the draft law on Freedom of Assembly and the one on Local Referendums. The Strategy can become a framework for future collaboration if only civil society will continue to actively engage itself in the policy process.

The drafts of the Strategy and Action Plan were prepared by Coordination Council on Civil Society Development, established by the President as an advisory body on January 25, 2012. The Coordination Council is serving as platform for continued dialogue on development of policies related to the civil society and includes many prominent members of NGOs as well as various government representatives. The participation in the Council allows civil society to put on the government agenda issues that are so important for civil society such as NGO legislation, freedom of assembly and initiatives to ensure government transparency and openness. However the scope of this council is limited to the issues that are only related to the regulation of NGOs activity which is not necessarily a Ukrainian citizens concern. Only 21% of citizens found the Law on Public Organizations very useful and another 32% consider it somewhat useful<sup>7</sup> in terms of government agenda. By providing the formal platform for cooperation government might limit the engagement of civil society in much more critical reform process. The Council can serve as a façade for government to show the progress in cooperation with the civil society allowing a limited space for its activity.

There is also anecdotal evidence of individual experts or think tanks engagement in reform processes where they provide consultations rather than agenda setting in reforms. Civic Experts Council (GER) was approached by Vice Prime Minister Khoroshkovskiy for potential collaboration and coordination of efforts in the area of European integration. However, after the initial meeting the government has decided to contract individual experts for consultation on specific issues rather than formally collaborate with the platform, limiting its impact on specific issues. These individual consultations allow some participation in decision-making however without active advocacy and public communication the recommendations can be overridden by competing interests of decision-makers.

### **Self-Organization and Protest Moods**

The protest mood of Ukrainian society is on its peak since 1993<sup>8</sup>. The economic situation, dissatisfaction with the reform processes, and dysfunction of the legal system that is not able to

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<sup>7</sup> According to the DIF survey conducted in March, 2012.

<sup>8</sup> Zanuda, A. (2012). Quoting KIIS survey on BBC on 16 Feb, 2012 [http://www.bbc.co.uk/ukrainian/ukraine\\_in\\_russian/2012/02/120216\\_ru\\_economy\\_protests.shtml](http://www.bbc.co.uk/ukrainian/ukraine_in_russian/2012/02/120216_ru_economy_protests.shtml)

protect the basic human rights are the main reasons for this. Through active protests and attracting media attention activists protect their economic interests, human rights, ensure fair justice and government dialogue. The informal civil society movements have become the main drivers of these protests.

At the same time, Ukraine sees the burst of such movements that mobilize many citizens both on the national and local levels. Supported by the social networks communication platforms, such movements go beyond pure protests but try to develop their agenda further. Groups like “We are Europeans” (My Evropeitsy) or SAM are mobilizing a lot of NGOs leaders and activists to go beyond the regular project work. Besides their regular “professional” activities, NGOs start to engage in the self-organization movements and coalitions to ensure greater effectiveness of their work. Horizontal networks structured similarly as New Citizen platform present both the opportunity for gaining legitimacy for NGO activity as well as a challenge for facilitation of such work. The cookie-cutter approach that NGOs are using in designing and implementing their projects is neither effective nor relevant in these networks. Thus professional NGOs especially expert community has to learn on how to build partnerships with such structures to be able use their mobilization resources and at the same time to provide NGOs expertise on issues. The sustainability of these initiatives often undermined by the lack of constant coordination and facilitation and greatly depends on the main leadership. Being an indication of truly vibrant civil society these movements yet has to develop their adaptive capacity and ensure sustainability of their work. Even though often times this networks distant themselves from the donor funding it is important for donors to provide technical assistance to them.

### **Implications for civil society:**

International institutions and decision-makers that were helpful in influencing government in advocating for important issues are now losing their bargaining power. With less interest in European integration processes and increasing possibility of sanctions current government is less likely to comply with the international requirements. Thus, the international pressure should be used carefully and not overused on the government.

With the absence of constructive opposition and party platforms, many civic activists are motivated to engage in the political processes through either establishing parties or running in the single mandate district as independent candidates. This has led to vanishing of active and effective NGOs such as Democratic Alliance that is now officially registered as a party. It also distracts the attention of the civil society leaders from their regular activities and undermines the value of the NGO work. The idealistic beliefs and personal ambitions of individuals are not likely to result in the effective work in the parliament or in the government. Even if the NGO party or candidate manage to enter the parliament, their work will be undermined by the majority there.

Elections are going to be critical for the future of the country and thus many civil society organizations are focusing their efforts on them. The focus on the fairness and transparency of the process is important, as it is going to determine the future of Ukraine. However, civil society should think beyond the election date and use the momentum for stimulating future public participation. Unorganized civil society is in need for more coordinated actions and NGOs should lead such initiatives in the future. Donor supported NGOs can contribute to the

movements' effectiveness by engaging them in the more systematic advocacy. At the same time, the connection to informal networks gives a better legitimacy to NGOs initiatives.

Civil society should maintain the dialogue with the government when possible. While some question the extent of this initiatives to really influence the government course of action this venues help to promote the democratic reforms at least on paper. The implementation of such legislative initiatives depends only on ability of civil society for continuing advocacy effort. As experience shows even in the current situation the coalitions of NGOs have sustainable impact on the policy processes through public advocacy. There is anecdotal evidence of individual engagements in the policy making processes by experts. However without the collaborations with other players from civil society the outcome of individual consultations that is provided to various public agencies will remain less legitimate and not-sustainable competing with other interests within the government. Only public advocacy efforts will ensure that the collaboration with the government will result in reforms that will serve citizens interests.

### **III UNITER Major Achievements and Challenges**

#### **Objective 1- Engaging in reforms**

While many civil society activities are focused on the pre-election mobilization and voter education UNITER partners continue to engage in the policy process through advocating for specific reforms. Under the Local Advocacy Grant Program together with International Renaissance Foundation Pact has supported 5 coalitions that advocate for reforms in the specific areas such as introduction of local referendum, public procurement, utility sector reform, and health reform. The supported five coalitions include almost 30 organizations that are going to advocate both on national and local levels for reforms implementation.

Civic Experts Council (GER) that is coordinated by the Center UA has been actively advocating for Ukraine's reform for greater Europeanization in Ukraine and abroad. GER secretariat and its members have participated in number of important venues as the civil society advocates for democratic reform. This includes the US-Ukraine Strategic Partnership Commission meeting of the Rule of Law Working Group where civil society had a chance to engage in the political dialogue on reforms with the key Ukraine government representatives. GER was also co-organizing and presenting at the following events: in Carnegie, Washington on the evaluation of Ukraine's reforms, in Carnegie, Brussels on Ukraine's identity, and in Kyiv Euro Atlantic Forum on the EU-Ukraine association agreement development. All of these events allowed GER to mainstream its key messages to the decision makers on high-level, stimulate political dialogue and promote Ukraine's integration through speeding up the reforms. In addition to this, GER held issue-based debates on the critical issues for EU integration that included stakeholders from various sectors such as business, government, academic circles, and non-profit policy institutions. Through improved communication GER aimed to spread the results of the research of its members, inform various stakeholders and promote internal reforms in specific sectors such as aviation, gas, elections, and other.

The fast pace of the land reform that was criticized by international observers has slowed down. The moratorium for land sale was extended which has allowed more opportunities for engagement of the stakeholders in the reform processes. As part of its sectoral support on the

land reform issues, Pact launched two projects with Institute for Economic Research and Policy Consulting (IER) and Association of Farmers. The IER project conducts polling to measure the awareness about reform of the key stakeholders and provide recommendations for improvement of its provisions so that it corresponds to stakeholders needs. The Association of Farmers will work with their constituency to ensure they are aware of the reform and their interests are represented in the decision making. Through targeted capacity building efforts, close coordination with other donors and facilitated dialogue on the issue Pact hopes to contribute to the development of the transparent land market reform that will take into account both local needs and international interests in it.

The lack of progress in anti-corruption measures and rule of law in Ukraine is one of the main challenges for development for Ukraine. While Ukrainian government continues to make populist statements and publish the formal reports on combating corruption<sup>9</sup>, Ukraine declines in the transparency ratings. There has been some progress in legal framework as the new Law on Prevention and Curbing Corruption was enforced in July 2011. The Law became a ground for a national anticorruption strategy signed by the President in October 2011. The legislation however is not implemented properly and will stay on paper without active advocacy from NGOs. The civil society attempts to tackling this issue from various sides have little impact so far. Despite the success of civil society to advocate for specific provisions in the public procurement legislation in June 2011, there are other attempts to amend current legislation. Civil society is weak in coordinating their efforts to advocate for this issue effectively. There is a need for proactive NGOs who could combine expertise on the anti-corruption issues and ability to mobilize resources and other partners for active campaigns. TORO that is seeking to become Ukrainian Transparency International chapter would be a natural leader of such initiatives; however it has to develop the organizational and individual capacities to be able to perform this role (see annex 1 for assessment of TORO capacities).

Many anti-corruption efforts fail due to the weakness of the legal system to provide fair justice on the cases for corruption. In fact the strengthening the rule of law in Ukraine is important not only for combating corruption but it influences all aspects of economic and democratic development of the country. Pact has started looking at the civil society role in promoting reform by developing a sectoral memo. In order to contribute to the current donors' effort to assist Ukrainian government in the rule of law reform, Pact plans to launch sectoral discussion on how this issue could be targeted by civil society more effectively. Pact identifies a gap in the current activities of the civil society in more organized advocacy and mobilization for human rights and independent judiciary. While recent shocking cases were able to mobilize many people to support fair justice and defend human rights – like in the case of Oksana Makar or Ihor Indylo – this should turn into more organized and systematic advocacy effort. Pact sees that its sectoral approach on bringing various stakeholders to collaborate jointly on advocacy for this issue can help to promote this critical reform in Ukraine.

## **Objective 2 - NGO Law Success**

The civil society celebrates the final adoption and signing of the key legislation for NGOs. The Law “On Public Associations” (№ 7262-1) was adopted in the second reading on March 22, 2012 and signed by the President on April 13<sup>th</sup>, 2011. The adoption of the Law became possible

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<sup>9</sup> [http://www.minjust.gov.ua/0/anti\\_corruption\\_report\\_11](http://www.minjust.gov.ua/0/anti_corruption_report_11)

much due to an extensive advocacy campaign conducted by a coalition of NGOs. The coalition united a broad range of organizations, specifically the Ukrainian Center for Independent Political Research (UCIPR), the Institute of Mass Information, the Ukrainian Helsinki Human Rights Union (UHHRU), the OPORA civil network, the All-Ukrainian ecology NGO “Mama 86”, the European Law Advancement Network, the Centre for Political and Legal Reforms, Media Law Institute, Center for Public Advocacy, Democratic Alliance, Center UA and many others. The campaign, under the leadership of Maxim Latsyba, the Program Director of UCIPR, who committed himself as the main proponent of this legislation since 2006 received financial backing from multiple donors, including the International Renaissance Foundation (IRF), the USAID-funded UNITER project, the UNDP and the OSCE. Not only NGOs were advocates of the adoption of the law, but the very text of it was developed by NGO experts based on wide public consultations with civil society counterparts. It is thus accumulating the opinions of various groups within the civil society.

The new Law is aimed to overcome the major deficiencies of the current law “On Public Associations”. In particular, unlike the so-far legislation, which stipulates that NGOs can represent its members’ interests, the new bill makes it clear that NGOs represent the needs and interests of social strata, direct beneficiaries or even the general public. The new bill enables legal entities, too, to establish public associations; it simplifies the registration procedures through the establishment of a “single-window” registration; it abolishes territorial statuses of NGOs and excessive government control over operation of NGOs; it enables NGOs to engage in economic activities directly, without establishing another legal entity. The law will take effect on January 1<sup>st</sup>, 2013.

Marking the victory of another advocacy drive, on March 24, the President signed the decree # 212/2012 on the Strategy for the Government Policy for Civil Society Development and the Priority Action Plan for the Implementation of the Strategy. The Strategy aims to strengthen civil society in Ukraine as the basis for democratic development of the state; establishes public control over governmental activities and regular consultations with the public on the issues important for the society and the country. The drafts of the Strategy and Action Plan were prepared by a Coordination Council on Civil Society Development, established by the President as an advisory body on January 25, 2012. Members of NGOs, such as Maxim Latsyba from UCIPR, were part of the process from early on. On March 14, the Council held a meeting where the members of the Council and other interested stakeholders, including civic activists, government representatives, scholars, and representatives of international institutions, could discuss and leave an imprint on the texts of both the Strategy and the Action Plan.

According to the Strategy, the state policy for civil society development should provide favorable legal, financial, tax conditions for the establishment and operation of civil society institutions; improve procedures for local referenda, peaceful assembly, general meetings (conferences), and public hearings at the local communities. The Strategy also establishes regular consultations between the authorities and civil society during decision-making process. Moreover, it introduces a unified procedure for allocation of the funds for state financial assistance programs and projects of NGOs on a competitive basis.

The Strategy and the Action Plan provide a framework for future policy development and assigns a responsible government agency for specific policies. Specifically, the Action Plan assigns to Ministry of Justice to support the legislation drafts that are now in discussion in



Verkhovna Rada, including the draft law on Charity and Charitable Organizations, the one on Freedom of Assembly and the one on Local Referendums. The Action Plan also foresees the development and approval of the new legislation that will introduce changes to the Law on Self-Governance Bodies and law On Local Self-Governance and many more. Besides legislative competences, the Action Plan foresees monitoring of the funding that are provided by the local budgets to NGOs, trainings to the public servants on how to engage with citizens in developing and implementation of public policy, evaluation of implementation of access to public information and many more.

### **Objective 3 - Civil Society Capacity**

Since 2009, Pact developed the NGO Capacity Building Marketplace that included online portal, off-line events and supporting voucher system working together to strengthen the direct connections between capacity builders and NGOs seeking services based on a market-oriented approach. Realizing a need to sustain the Marketplace beyond UNITER-project Pact is focusing on indigenization of the model by transferring the product to a local administrator. In June-July 2011 Pact issued a CFA with an eye towards selecting a local Ukrainian organization or consortium of organizations capable of taking local ownership of the Marketplace. Unfortunately, having carefully reviewed all tender documents submitted to Pact, the selection committee experts concluded that none of the received Business Plans had fully and exhaustively met the main requirements of the call. More specifically, the committee concluded that the bidders had not demonstrated the vision of the sustainability of the Marketplace beyond the UNITER project and could not provide a crystal clear and convincing plan to avoiding the potential conflict of interests rest between the bidders own capacity development and stewardship of the whole of the NGO capacity development market.

Lacking the vision and strong commitment to the idea of the marketplace from the local organizations, Pact has decided to take a different course to ensure local ownership to the Marketplace. Pact chose to gradually outsource the marketplace by different components. At the same time Pact will continue to spearhead those critical components that define the future viability of the now functioning product. Through incremental steps Pact will build vision, ownership and capacity to administer the Marketplace in the future in one organization or within a coalition of organizations.

Through call by invitation Pact has selected ISAR Ednannia as the administrator of the voucher system that is started issuing vouchers in March 2012. ISAR will ensure that voucher system will meet the various needs of NGOs in Ukraine including specific advanced packages of vouchers for service providers, think tanks and advocacy organizations, networks, international travel vouchers, etc. The voucher system will be closely connected to the updated web-site and online transactions. The local administrator will also be able to manage funding from other donors that are interested in contributing to the voucher pool. ISAR already secured support from the Mott Foundation to the voucher pool. It plans to attract additional funding from Swedish International Development Agency (SIDA) to increase its pool after the organization passes a system audit conducted by SIDA consultants. Pact will provide the full capacity building support (e.g. audit readiness program, insuring quality of services etc.) during the transition period and continue to participate in issuing vouchers.



Besides the marketplace that is aimed to support capacity building for mainstream civil society, Pact has also focused its work on developing the advanced capacity of the key partners in order for them to meet the requirements for international audit. During FY11 Pact has assisted five organizations in going through the control audits and developing their financial management systems. As a result a three selected organizations that are most likely to receive the direct funding from the international donors are continuing their advanced capacity development. This includes Pact key partners such as Center UA, Ukrainian Center for Independent Political Research and Creative Center CCC. Based on the recommendations developed together with the Compass audit firm they are working on their institutional strengthening plan to ensure these organizations are ready for graduation by the end of the FY12. The next cohort that includes another seven organizations is undergoing the similar control audits and preparation for graduation in the next fiscal year. The second cohort includes the following partners: Democratic Initiatives Foundation (DIF), Razumkov Center, Institute of World Policy (IWP), Institute for Economic Research and Policy Consulting (IERC), ISAR Ednannia, Center for Political and Legal Reforms and TORO Creative Union.

While the financial systems and procedures within organization will allow organizations to administer international donor funding in the nearest future, it is critical to continue support of this organizations ensuring that they are meeting their constituency needs. Without continuous capacity development support there is a risk that these organizations will concentrate on accountability to the international donor and lose their ability to represent the citizens' interest, mobilize communities and being a pro-active advocate of the local interests. Ultimately, marketplace should be able to satisfy those capacity development needs, however for this to happen civil society leaders have to learn to define their capacity needs and goals without donors' requirements or handholding.

#### **Objective 4 – Financial sustainability**

Pact continues to develop financial viability of Ukrainian civil society through various programs. Through strengthening its financial management and systems, audit readiness program ensure that UNITER key partners are able to obtain direct international donor funding in the future. Pact is also facilitating closer collaboration of civil society with business so that NGOs will be able to implement joint projects and receive funding from them. At the same time the change in legislation will ensure the more possibilities for financial contribution from individuals and governments.

Through its cooperation with CSR Center Pact supports closer collaboration of businesses and NGOs by facilitating a dialogue and educating both sides on possible prospects of cooperation. In the framework of its project CSR Center has conducted strategic sessions for regional NGOs on how to work with companies in the framework of corporate social responsibilities. The representatives of the leading businesses such as DTEK, Tetra Pak, Samsung and others shared their thoughts and ideas on how they see their collaboration with the NGOs. NGO representatives had a chance to ask directly from businesses and develop together their strategies on how to approach business, what are peculiarities of working with business, and how to develop the mutually beneficial partnerships. The CSR Marketplace conducted in October, 2012 also contributed to the furthering the dialogue on the CSR which allowed 28 organizations to present their projects to more than 500 visitors. As a result of this marketplace few strong partnerships has been formed between businesses and NGOs.

As a result of advocacy efforts of UCIPR the Cabinet of Ministers of Ukraine has adopted the decree on Approval of the Procedures for Contests for NGOs' Projects and Programs, Monitoring and Evaluation of Their Results. By introducing European practices this decree enforces uniform methodology for NGO projects competition for all ministries including the standard application package, regulation of the selection procedures and evaluation criteria, requirement for elimination of conflict of interest, standards agreement and monitoring procedures. This will ensure better access and more transparent procedures in distribution of the government funding to NGOs.

If adopted in the draft law On Charity and Charitable Organizations will be a stimulus for further development of the philanthropy. The draft which was approved in the first reading on May 17, 2011 will establish new financial instruments for charitable activities such as servitudes, charity wills and endowments. The draft law also minimizes the tax burden and registration procedures for charity organization and establishes higher standards of transparency. As the law is included in the President's Strategy and Action Plan on the Governments' Policy on Civil Society, UNITER partners expect the draft law to be adopted by the end of 2012.

Despite the positive developments in this area it is not expected that civil society will become independent from international donor funding. While Ukrainian government continues to oppose the worsening economic situation it is less likely that the substantial funding will be allocated for the support of NGOs. Some social and volunteering projects can be supported by socially responsible business and government, yet the sustainability of the advocacy and human rights organizations still relies on international funding. Thus the success in changing the enabling environment will lead to some diversification of funding but will not replace the donors support.

#### **IV. Project Activities**

**Objective 1: NGOs better represent citizen interests and drive reform through more effective advocacy, monitoring and activism (50%).**

**Activity 1a: NGOs, individually and collectively, advocate for government accountability at the local level**

***Local Advocacy Grants Program (LAGP) to strengthen national policy advocacy***

Under the LAGP-3 program Pact in partnership with East Europe Foundation (EEF) and International Renaissance Foundation (IRF) has launched the competition to support the coalitions of local organizations advocating for the national policy change. As a result of the wide spread of information 61 coalitions that included 229 organizations have applied for the first round of competition. Seven coalitions that were recommended by the selection board were invited for the coalition building training organized by EEF. During a two-day training session each coalition had a chance to work further on its project, develop the log frame of the project and clarify roles within each coalition. At the second stage of the competition the leaders of the seven pre-selected coalitions has presented their projects to the members of the selection board as well as to the UNITER national partners. Based on this presentation the selection board has

selected 5 coalitions for funding, three out of which will be supported by Pact and administered by EEf:

- ***Promoting Citizen Participation through Local Referendum*** – The coalition of 5 organizations headed by the Agency for Legislative Initiative (ALI) will advocate for introduction of the local-level referendum as a regular citizens participation mechanism in the local governance. The leader of coalition will develop research methodology and will provide support to the local organizations that are going to pilot mini-referenda in the regions. The policy recommendations as a result of the piloting on the local level will be discussed and taken into account by Verkhovna Rada committee that is working on developing national policy on local referendum. The four local partners including Center for Political Analysis and Electoral Consulting, Polissya Foundation for International and Retional Studies, CVU-Donetsk and CVU-Kherson will be responsible for piloting the local mini-referenda in eight oblast of Ukraine. They will organize public discussions, focus groups and press events in Chernihiv, Donetsk, Kharkiv, Kherson, Odessa, Riven, Sumy and Volyn.
- ***Utilities Sector Under Public Control*** – The coalition led by Association for Community Self-Organization Assistance is advocating for strengthening public control over utility sector by local self-governance bodies. The leading organization will analyze the current national legislation in the utility sector and train five coalition members on local public policy analysis. The leader will also work on developing policy recommendations on improvement of legislation on utility sector. The recommendations will be presented and discussed on both national and local levels. The coalition will work closely with the Ministry of Regional Development, Construction and Housing Utilities of Ukraine for adoption of the policy recommendations. The local partners include Unity for Future, Our Right, Luhansk Region Civic Initiative, Mykolaiv City Development Foundation, and Committee of Rusanivka District. They will be responsible for analysis of the local legislation and working with the city administration of Kyiv, Luhansk, Lviv, Mykolaiv, and Zaporizhya to adopt proposed policy changes. Local partners will coordinate local advocacy campaign that will include press events, public discussions, development local policy recommendations and awareness-rising on the need for control in the public utility sector.
- ***Public Monitoring of the Piloting Phase of the Public Health Reform*** – The public health reform is now in the piloting stage in Vinnitsa, Dnirpopetrovsk and Donetsk oblast. The proposed reform changes the system of healthcare by introducing the family doctors as the first and main medical focal point for all citizens including people with intellectual disabilities. Whereas before the reform, it was the psychiatrist who was the primary medical worker that provided services to people with mental disabilities, now this specialist becomes part of the secondary level that can be reached only after family doctor. This being the case, there is a growing concern that such situation will create additional difficulties for the people with intellectual disabilities and their families in terms of accessibility of qualified assistance on the side of family doctors. The All-Ukrainian NGO Coalition for People with Intellectual Disabilities is focusing on monitoring of the reform and its effect on people with disabilities in the pilot oblast. The organization will conduct monitoring for Kyiv as well as coordinate the national monitoring efforts of coalition partners in Vinnytsia, Dnipropertovsk and Donetsk regions. The Coalition will provide policy recommendations to ensure that the healthcare

reform will take into account interests of people with intellectual disabilities when it will be rolled out all over Ukraine. The Coalition will partner with the Association of Family Doctors to develop a course for the family doctors on how to deal with people with mental disabilities. The local partners of the coalition, namely Angel of Childhood, Nadiya, and Believe in Yourself will be monitoring the implementation of the reform in Donetsk, Dnipropetrovsk and Vinnitsa. They will conduct focus groups and in-depth interviews with stakeholders and together with the leader of coalition will develop policy recommendation for reform.

## ***2. Local Advocacy Grants Program (LAGP) to support local initiatives during Parliamentary elections 2012***

In close cooperation with Center UA and CHESNO campaign EEF has launched a CFA to support local non-partisan initiatives during Parliamentary Elections 2012. EEF received 101 applications from NGOs from 24 oblasts of Ukraine, Kyiv city and Sevastopol city and plans to award 12-15 grants starting June 2012. The majority of applications were submitted by Kyiv-based organizations (23), from Crimea Autonomous Republic (9), Donetsk, Luhansk, Kherson, Cherkasy, Chernivtsi oblasts (5 applications from each oblast), Lviv and Rivne oblasts (4 applications from each oblast) and others.

Among the most popular topics of the applications are the following:

- Conduction of information campaigns (23 applications);
- Young mobilization (16 applications);
- Raise of voters' legal awareness (8 applications);
- Participation of people with special needs in election process (7 applications);
- Informing and involving village communities (6 applications);
- Public monitoring over the election process (6 applications).

The selection meeting is scheduled to be held on May 15, 2012.

### **Activity 1b: Establish the Ukrainian Reform Forum as an on-going mechanism to support continued reform and civic engagement efforts.**

### **Activity 1c: Support and enhance national NGO policy reform efforts.**

Pact continues to support the sectoral networks that address key reforms issues. Pact has supported the networks that address EU integration issues, transparency and accountability, fundamental rights and freedoms, foreign policy, small and medium enterprises and NGO legal reform. The level of support to each network by Pact varies on its receptiveness and ability to engage in the policy process.

## ***Ukrainian Reform Forum for Europeanization***

### ***Ukraine's EU integration policy platform***

Center UA is facilitating further development of platform which unites key experts on Europeanization from the ***Civic Expertise Council (GER)***. Civic Experts Council is the official structure that is working with the Ukrainian Part of the EU-Ukraine Cooperation Committee. The Council consists of more than 20 leading experts in different sectors that are important for

integration processes including energy, environment, foreign policies, human rights and other. Through enhanced communication and engagement with various stakeholders GER attempts to revitalize the expert community ensuring greater collaboration, adoption of new tools and engagement in important dialogues.

During the reporting period GER has held public discussions on important issues of EU-Ukraine association agenda including election legislation, aviation, and environmental governance. At the public debates GER members has presented civil society position on the key issues and engaged stakeholders in the debate on benefits of EU integration for Ukrainian citizens. GER has also contributed to the development of the policy recommendations to the number of documents such as Eastern Partnership Roadmap developed by EU Delegation. The recommendations provided by members of GER were acknowledged by EU Delegation and included in the section on education and volunteerism.

On important international venues GER members have presented civil society opinion as alternative to official Ukrainian government position and provided policy recommendations to international community in regards of Ukraine. GER is engaged in the working group on Rule of Law of the *US-Ukraine Strategic Partnership Commission* providing their assessment in democratic reform of Ukraine. The last meeting held in November in Washington DC was focused on the progress on the rule of law reform, electoral legislation, and other important developments to ensure the democratic governance. During the same visit GER members presented their assessment of the Ukrainian reforms at the Carnegie, Washington at the panel discussion on “*20 Years of Ukraine’s Independence: Reforms and New Challenges at Home and Abroad*”. Together with representatives of Ukrainian and US policy makers GER discussed Ukraine’s domestic reforms and foreign policy that it is pursuing.

On the eve of the EU-Ukraine Summit together with the Carnegie Europe GER has organized a panel discussion on “Ukrainian Identity – 20 Years After Independence”. With numerous myths about Ukraine prevailing in the European Union, Carnegie Europe went beyond the usual political and economic analysis to tackle these broader issues. Two expert panels, bringing together six prominent Ukrainian scholars, examined the question of Ukrainian identity. The first panel addressed the socio-cultural perspective, discussing how perception gaps at home and abroad can be bridged, while the second focused on the key formative issues for the upcoming generations of Ukrainians. The event featured the statement by Commissioner Füle who addressed the issue of political and cultural identity of Ukrainians is important to ensure the European choice of Ukrainians. Carnegie panel has attracted a lot of attention from media and hosted over 60 participants.



On January 25-26, UNITER co-funded the Euroatlantic Forum “Ukraine and the EU on the brink of new association agreement: free trade, energy security and democracy”. The forum featured speakers from GER including Vita Goumeniyuk, Oleksandr Sushko, and Ihor Burakovskiy. GER has also prepared a briefing paper for the event that was highly evaluated by the participants.

The goal of the Forum was to create the platform for civic-expert discussion of the Association Agreement (AA) consequences for both Ukraine and the EU, as well as to assess independently Ukraine's capacity to implement the AA provisions.

Forum's activities lasted for two days. The opening gathered more than 300 representatives of different institutions, media and CSO activist around Ukraine. It was also widely covered by Ukrainian mass media (<http://eu.prostir.ua/news/251740.html>) and had online broadcasting (<http://www.ustream.tv/recorded/20000772>). Main topics of the agenda implied four panels:

- EU-Ukraine relations
- EU-Ukraine Association Agreement: Prospects of Implementation
- Energy Community, energy dialogue and energy security
- Economic development, business relations and business environment.

High level representatives from both Ukrainian and European side prove the urgency and importance of such event in the beginning of 2012. Moreover, the fact that Forum was co-organized by a number of different institutions only reconfirmed the ability of Ukraine's Eurointegration idea to be a uniting factor.

Participants agreed that after the official completion of the negotiations between Kyiv and Brussels regarding the text of the AA, no clarity is about its further "destiny". However, despite an official dimension, the importance of which is obvious, Ukraine's readiness to fulfill future commitments becomes crucial. Hence, the understanding of both possible advantages after AA implementation and the steps, which would enable the realization of Ukraine's inner reforms, foreseen in the agreement, is an absolute necessity.

The presence in international forums allowed GER to mainstream its key messages to the decision makers on the high-level, stimulate political dialogue and promote greater Ukraine's integration through speeding up the reforms. They open up the space for the civil society to engage in the policy process and provide alternative assessment of the situation in Ukraine.

### ***Fundamental rights and freedoms***

Center UA continued to coordinate New Citizen platform that manages multiple networks on various issues. The Parliamentary elections of 2012 are going to be benchmark for Ukraine's democracy and will define future Ukraine's development. Apathy of Ukrainians citizens and lack of trust to any political actor will undermine the legitimacy and results of elections. Thus New Citizen partners have focused their attention on voters' education and mobilization during elections period.

New Citizen's approach to the civic monitoring of the forthcoming 2012 parliamentary elections has been modified and finalized during a 24-hour public brainstorm conducted on October 29, 2011. A new civic movement called CHESNO emerged inspired by the successful Romanian experience in fighting political corruption through the civic campaign "For fair elections" in Romania. The Kyiv coordination council responsible for implementation of the campaign consists of 12 organizations including Internews Ukraine, Institute of Mass Information, Committee of Voters of Ukraine, Center for Political Studies and Analytics, Media Law Institute, Democratic Initiative Foundation, Suspilnist Foundation, Anti-raider Union of Ukraine,

Narodna Solidarnist, Ukrainska Sprava, and Kholodnoyarsk Initiative with Center-UA being the lead NGO/coordinator.

Public assessment of the candidates' integrity running for the parliament is the core activity of CHESNO campaign. CHESNO coordination council designed public integrity criteria for assessment of the candidates to Verkhovna Rada in Ukraine, in particular:

- Permanent political allegiance to the will of voters
- No public record of corruption
- No discrepancies between the lifestyle and declared income
- No public record on violation of people's rights and freedoms
- No violation of personal vote rule in the parliament
- Presence at no less than 75% of parliamentary sessions

During February-March members of the Kyiv coordination council presented the movement in all 25 oblasts of Ukraine and established regional coordination councils in each oblast. Each CHESNO regional coordination council consists of up to 30 local activists, journalists, representatives of local NGOs and small and medium business. Through direct communication, websites and a social networks campaign, CHESNO has mobilized over 1,500 activists all over Ukraine. All regional CHESNO events were intensively covered in social media through innovative art tools, such as a national photo-project for fair elections "Why I'm here?" The network of civic activists mobilized during CHESNO campaign will be used for the future activities of New Citizen Platform to advocate for important legislation and conduct post-election monitoring of the Parliament.

In March 2012, CHESNO analytical team started the assessment of the 450 current members of the Parliament against above mentioned criteria. The results of this assessment will be discussed with the parties and will be presented publicly to the media.

Kyiv coordination council and regional councils are initiating the dialogue with political parties. As a result of this dialogue UDAR party and Gromadyanska Samooborona had signed the memorandums on the national level with the CHESNO Campaign. On the regional level party branches have signed the memorandums with the regional CHESNO coordination councils.

Additionally, Chesno campaign motivated Centre UA to change its approach to transparency in funding. Regional presentations revealed that citizens are not eager to join the campaign if the funding for Chesno is not fully disclosed. To increase its credibility within civic society and activists Centre UA developed a strategy for its funding disclosure and published in internet a detailed report on Chesno finances, including grant support from donors and leveraged support from business and active citizens. The principle of funding disclosure might become a rule for every NGO willing to target a broad audience of citizens and engage them in its activities.

In addition to Chesno campaign Centre UA is coordinating a project called Vladometer, which is supported by the New Citizen partnership. Vladometer is a tool for online monitoring of public promises expressed by politicians and a platform for follow-up citizen's control over the practical implementation of the promises. The content of Vladometr.org is generated by users and already contains more than 2500 promises of Ukrainian politicians. Between October 2011 – March 2012 Vladometer was constantly collecting the promises and has held two web-conferences with the mayors of Zhytomyr and Ternopil on the topic of political accountability.

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Simultaneously Chesno movement is planning to use the information provided by Vladometer for assessment and “filtering” the candidates to the parliament during elections in 2012.

### ***Access to Public Information***

Centre UA continues promoting and enforcing law on access to public information. Thanks to a large-scale information campaign conducted by the New Citizen members up to 36,5% of citizens in Ukraine are aware of the law. 77% of regional authorities adopted the Regulation on the special structural unit or appointed a responsible person in charge of access to public information. 83% of the authorities dedicated a special place for work with documents and 94% provided services for copying and printing.<sup>10</sup>

Centre UA conducted an innovative promo campaign on explaining citizens the power of the Law on Access to Public information. There were posted leaflets on access to public information in elevators in Kyiv. A few videos with simple messages were developed and distributed through social networks. New Citizen members conducted a range of trainings, presentations and other public events in the regions explaining and promoting the Law on Access to Public Information. Moreover, the law was tested as a powerful instrument for journalistic investigations and monitoring the use of public finances. CPSA, a member of New Citizen platform, carried out a monitoring of the activity of tender committees of education and science departments in the regions. The answers on informational requests allowed revealing cases with disproportionally high prices for food bought by local government authorities for school children. The latter became a base for a several reactions on behalf of MPs.

Notwithstanding visible benefits civil society received after adoption of the Law on Access to Public information and joint synchronizes efforts of New Citizen members on promoting the law, there are remaining many challenges and problems regarding the law implementation. New Citizen issued several public statements and conducted a few press-conferences regarding threats and imperfections of the Law on Access implementation. Specifically, New Citizen called the Government to comply with requirements of the law and submit to the consideration of the parliament a bill on putting the other laws in conformity with the Law on Access to Public Information. Another New Citizen statement issued on December 9 in the anticorruption day ashamed Government that the approved state program of prevention and counteraction of corruption and national anticorruption strategy were adopted blatantly violating the law on Access to Public Information. The Law requires prior public notification 20 days before the consideration of the drafts of every state legal act. However, such a violation takes place every day within a various government authorities depriving citizens from participation in decision-making.

On January 27, 2012 Centre UA together with other New Citizen members organized a press-conference called “Access to information or bureaucratic profanity?”, where one of the key issues was a new Constitutional Court decision restricting right on access to public information. On January 20, 2012 the Constitutional Court of Ukraine provided a decision which interprets the Constitutional right for privacy and freedom of information. The Court had to interpret what constitutes “information about private and family life” and whether this info is confidential; and whether collection, storage, use and dissemination of information about persons is an

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<sup>10</sup> <http://dif.org.ua/ua/press/joeroweihop>



interference in their private and family life. The Court decided that information about private and family life of person shall be: any kind of data on relations of property or non-property based character, circumstances, events, relationships associated with person and her/his family members, excluding information stated in laws and connected to the execution job-related duties and responsibilities of public officials or public servants. The Court presumes that all such information about private and family life is confidential. Further the Court decides that collection, storage, use and dissemination of confidential information about a person without her/his permission by state authorities, local government, legal entities and individuals are interference in a private and family life. Such interference may occur solely in cases regulated by law, and solely in the interests of national security, economic well-being and human rights. Experts –lawyers concluded that CCU decision provides more space for courts and authorities to deny access to information in “sensitive cases” (for example, where high rank politicians will be involved). There is a risk of criminal prosecutions against investigative journalists, but most likely, government will avoid prosecution of journalists for collection and dissemination of information about “private and family life” of public officials.

A member of New Citizen and UNITER supported Media Law Institute conducted a range of activities on implementation of the Law on Access to Public Information. MLI lawyers were appealing illegal rejections in access to information to the superior bodies of executive power and were initiating judicial appealing of illegal rejections in competent courts. MLI lawyers and other New Citizen members revealed selectivity in satisfaction of court claims and rejections regarding the most notorious cases, such as records of deputy’s income, drilling rig, Mezhyhyrya residential facilities, new Mercedes cars of the President, a number of public procurements. Specifically, MLI lawyers represented Serhiy Leshchenko, “Ukrainska Pravda” journalist, in the case against the Vyshhorod District State Administration. This case derived from Serhiy Leshchenko attempt to obtain information on the purchase of a municipal land plot by the President of Ukraine. The journalist addressed Vyshhorod District State Administration with an informational request, but no information was provided. Media Law Institute represented interests of Mr. Leshchenko in court hearings in this case and drafted procedural documents. The hearings took place on the 19th of October, 10th of November, 7th of December and 19th of December 2011. In the last hearing the Kyiv District Administrative Court rendered a decision in favour of Vyshhorod District State Administration. Afterwards Media Law Institute lawyers submitted an appeal to this court decision to the Kyiv Appeal Administrative Court. In this case Vyshhorod District State Administration the court considered the legislation on protection of personal data to be prior comparing to the provisions on transparency of state budget expenditures, although the law directly prescripts that the information in question should be open. Media Law Institute conducted an intensive educational work aimed at the representatives of governmental bodies and court system in order to improve the situation.

MLI also worked on development of subordinate legislation in order to achieve the more effective application of the Law “On Access to Public Information”. Mr. Igor Rozkladaj prepared a draft of the Decree of the Cabinet of Ministers of Ukraine regarding the obligations of state bodies to publish information on their official web-sites. This document was developed to replace the previous Decree of the Government, which was not in consistence with the Law “On Access to Public Information”. Eventually, the Cabinet of Ministers of Ukraine decided to update the existing Decree and a range of Mr. Rozkladaj’s propositions were included to the amended text. In addition to activities on testing legal instruments on the implementation of the Law on Access, MLI conducted a series of educational events, such as training for journalistic

faculties' lecturers, distance course for journalists and lawyers on access to information, maintaining hot-line for NGOs and mass media on issues of access to public information. The hot-line, which appeared to be quite popular among the target group, helped Media Law Institute to identify the most challenging questions people who are trying to use informational legislation are usually facing.

### *Anti-corruption Activities*

PACT closely works with TORO, a contact group of Transparency International in Ukraine, on accumulating the efforts of civil society in monitoring the public finances. In October-November 2011 Secretariat of the Alliance for Integrity in Public Procurement, represented by TORO, conducted 5 regional exhibitions of caricatures "What is the price of public procurement in Ukraine". The exhibitions raised community awareness on the public spending on procurement in Ukraine and mobilized regional NGOs and activists for civic control over the public procurement. TORO is responsible for facilitating the internal communication within the Alliance, which unites more than 50 members, including CSOs and regional organizations.

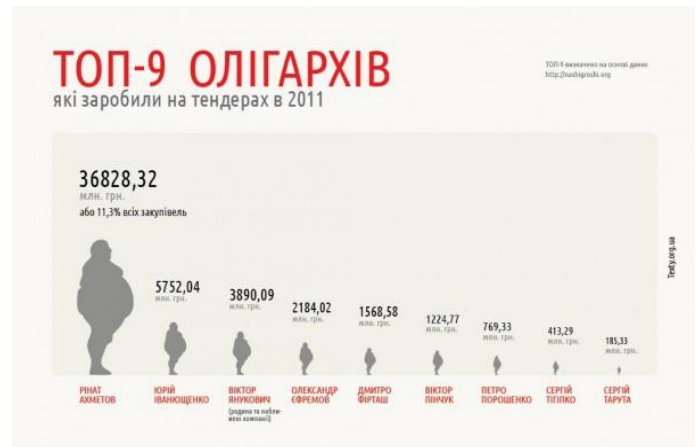
The draft laws registered in the Parliament on February 2012 presented threats to the transparency of the public procurement system in Ukraine. The new legislative initiative registered as a draft law #9634 meant to circumvent state owned enterprises from following the standard public procurement procedures required by Law on Public Procurement. This will allow the state owned enterprises to spend up to UAH 250 billion on procurement in non-transparent manner. Due to the lack of monitoring activities Alliance became aware of such developments only after the law has passed the first reading in the Parliament. To advocate against approval of the legislation the Alliance have wrote personal to the heads of the parliamentary fractions and to the every MP. On March 13, together with the CHESNO Civic Movement and We Europeans Movement, the Alliance conducted a street action against the adoption of the Bill #9634 on public procurement. Through a performance, civic activists demonstrated how taxpayers' money can be embezzled through non-transparent public procurement. As a result of public advocacy efforts the adoption of the bill was delayed. Pact has facilitated the collaboration of the Alliance with the international organizations such as American Chamber of Commerce and the Delegation of the EU to Ukraine in order to strengthen advocacy efforts.

After the launch stage of Alliance in 2011, it has decreased its activities resulting in several miscommunication problems within the partnership. Thus PACT has focused on enhancing TORO's capacity in facilitating horizontal communication between various stakeholders and promoting participatory leadership aimed at strengthening the Alliance. While resisting admitting their failures and adjusting their behavior, TORO removed itself from the leading and facilitating the Alliance and initiated re-election of the secretariat organization. Pact will explore the capacity of new secretariat to define its future strategies for engaging with the Alliance, but at the same time still committed to support TORO institutional growth as the future official Chapter of Transparency International.

PACT prepared a thorough assessment of TORO's capacities and advised the organization to enhance internal expertise in the anticorruption issue, to improve capacities in horizontal communication and PR, to change the style of leadership (see annex1 for more details). While TORO management denied all findings in the memo, the Board of organization actually found

this to be useful suggestions and agreed to design an action plan to overcome internal challenges existing within TORO. In order to continue to lead the activities of the civil society in anti-corruption as Transparency International TORO will have to develop its expertise and extend its activities to constant monitoring and advocacy of legislation developments in this sphere. It will also need to focus on the issues that are directly related to the mission that organization tries to pursue and not be led by funding opportunities.

Besides TORO support, Pact has also worked with the TEXTY.ORG.UA on visualization of the data from the survey conducted by the European Research Association in 2011. The results of the survey on corruption perception and experiences were presented in the video that urged citizens to oppose the petty corruption that they meet every day in hospitals, schools, police, etc. Over 10 thousand people viewed the video online. TEXTY.ORG.UA also used Nashi Hroshi materials for visualization of the top 9 oligarchs who've got profits in tenders<sup>11</sup>, and designed a tool <http://z.texty.org.ua/> for data visualization of expenditures in public procurement. The results of the Corruption Perception and Experience served as a basis for development of the regional anti-corruption strategies in Vinnitsa and Kyiv. Together with European Research Association TORO has conducted the public discussion engaging local government, NGOs and journalists in providing recommendations to the regional programs.



UNITER-supported Centre for CSR Development (CSR Centre) facilitated discussion with socially responsible businesses on the promotion of transparency and integrity in business. CSR Centre presented results of the survey on “Fighting corruption: the role of business in Ukraine” at the Global Compact annual meeting in December 2011. The Global Compact hosted a discussion on the role of the business in fighting the corruption and urged businesses to implement principles of transparency in its everyday practices. The results of the survey and follow-up discussions revealed that business in Ukraine is not eager to stand against public corruption, however, business organizations are motivated to introduce best practices in their internal integrity, which is important for curtailing private corruption.

## Culture

Institute of Social-Cultural Management two-year long project has contributed to the transformation of the culture clubs into the local activity center. The center has developed methodology that is spread widely through workshops for employees and other stakeholders of the culture clubs. For example on November 24 ISCM presented best practices of the community mobilization using the culture houses in rural areas to the clubs of the Dvurechanskiy district in Kharkiv oblast. Dnipropetrovsk oblast council has initiated the conference "Prospects

<sup>11</sup> [http://texty.org.ua/pg/article/editorial/read/353336/Hto\\_golovnyj\\_u\\_derzhavi\\_Toj\\_khto\\_najbilshe](http://texty.org.ua/pg/article/editorial/read/353336/Hto_golovnyj_u_derzhavi_Toj_khto_najbilshe)

of successful international experience in community development in the Dnipropetrovsk region" where Lev Abramov, Director of ISCM has presented its methodology. Together with the Ministry of Culture of Ukraine ISCM has developed "Recommendations for the improvement of regulation on the club institution". Since January 1, 2012 inspired by the results of the project "Joint way into the future" ISCM started project "School of Civic Participation", supported by the Charles Stewart Mott Foundation. The project foresees the creation of "School of public participation" to increase the capacity of community leaders in local communities. This is a training school for preparing staff for public services in small towns and villages, where on a competitive basis will be accepted people who live in the community with experience in implementation of local initiatives.

### ***Enabling policy environment for NGOs:***

The Law "On Public Organizations" (№ 7262-1) was adopted in the second reading on March 22, 2012 by constitutional majority of Verkhovna Rada - 334 MPs (Party of regions -179 votes, B'YT – 69 votes, other fractions – 86 votes). The new Law extends the rights of NGOs and ease their activities, namely, it will:

- Abolish the territorial status of NGOs;
- Simplify the registration procedures;
- Authorize both legal entities and private persons to establish the NGO;
- Provide NGOs with the right to conduct economic activities;
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The new Law will come into force from January 1, 2013. The coalition of NGOs that was advocating for the adoption of the Law included numerous organizations, specifically the Ukrainian Center for Independent Political Research (UCIPR), the Institute of Mass Information, the Ukrainian Helsinki Human Rights Union, the OPORA civil network, the All-Ukrainian ecology NGO "Mama 86", the European Law Advancement Network, the Centre for Political and Legal Reforms, Media Law Institute, Center for Public Advocacy, Democratic Alliance, Center UA and other.

In October 2010, the draft Law "On Public Associations" № 7262 was registered in Verkhovna Rada. However it received negative conclusion from public experts as not providing any improvement in legal environment for NGOs. According to the Rules of Procedure of the Parliament of Ukraine alternative draft laws are only accepted for fourteen days after the submission of the first draft law; afterwards no draft law on the same subject may be registered in the Parliament until the first draft law is either adopted (rejected) or withdrawn. Since the Ministry of Justice of Ukraine and the Cabinet of Ministers of Ukraine could not pass their draft of the law "On Public Associations" quick enough to submit it for consideration of the parliament in time, UCIPR team selected the Members of Parliament (MPs) as an alternative way to submit the draft law. UCIPR cooperated with six MPs: J. Miroshnichenko, The Party of Regions; S. Podgorny, Julia Tymoshenko's Block; A. Shevchenko, Julia Tymoshenko's Block; J. Lytvyn, Lytvyn's Block; L. Orobets, the "NYNS" Block; A. Pincky, the Party of Regions, signed the submission of the draft law "On Public Associations" (№ 7262-1) on November 1, 2010.

The text of the above mentioned draft (№ 7262-1) law was developed by public experts as a result of multiple public and expert discussions and public opinion surveys among NGOs hold by UCIPR within last three years. Draft law developed by UCIPR experts and was aimed to

solve all major problems of effective law “On Public Associations”: it gives NGOs a right to act for the needs and interests of any group of people or for public interest (not just interests of their members); enables legal entities to establish public associations; provides for simplification of registration procedures for public associations through establishing of “single window” registration; abolishes territorial statuses for CSOs and excessive government control over operation of NGOs; gives NGOs a right to engage in economic activities directly without establishing another legal entity.

The law “On Public Organizations” №7262-1 was approved in the first reading on May 17<sup>th</sup> 2011. UCIPR kept working with the key political players to ensure the is brought for the second reading. Maxim Latsyba and Anastasia Krasnosilska of UCIPR have conducted numerous personal meetings with the representatives of the presidential administration and MPs including Maryna Stavnichuk, Head of the Department of the constitutional and legal modernization of the President Administration and Yuriy Miroschnichenko, the representative of the President in Verkhovna Rada.

In February, the Verkhovna Rada Committee on the State Building and Local Governance had a long debate on the draft of the law. MP Yuriy Klyuchkovskiy (Our Ukraine) the member of the Committee and the ex-head of the working group who had to resign due to the public pressure was the main opponent in those debates. In general, there were 207 amendments included in the draft, however, due to UCIPR’s continuous pressing, all democratic positions remained in place. On March 22, 2012 the law was adopted in the second reading and for the time being it waits to be signed by the President.

UCIPR is about to start activities on the implementation of the Law within the new UNITER supported project starting April 1, 2012. UCIPR team will be working on the development of important state acts for support of the implementation of the law and will advocate these for the adoption of:

- Comments and recommendations for draft application forms for registration of public associations, which has be used by the Government Registration Office after the law comes info force;
- Comments and recommendations for draft amendments for the Government Decree on registration of symbolic of legal entities, which needs to be adopted by the Ministry of Justice of Ukraine;
- Comments and recommendations for draft amendments for the Government Decree on accreditation of foreign non-government non-profit organizations, which must be adopted by the Ministry of Justice.

## ***2. Support thematic (sectoral) networks and leading policy change organizations<sup>12</sup>***

### ***Land reform***

A widely supported land reform is critical to revive Ukraine's feeble agriculture. Ukraine has a unique role in ensuring global food security. For the reforms to succeed, reorganization of land ownership, cutting-edge governance systems and infusion of additional resources needed. To guarantee these Pact aimed to engage civil society with active advocacy and information and

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<sup>12</sup> The selection of the sectors was made based on the following criteria: (1) citizens’ interest and NGO ability to engage wider audiences, (2) enthusiastic civil society players, (3) policy niche to target, (4) including government reform priorities.

thereby channel the voices of those who will be most affected by the changes. The draft law On Land Market № 9001-д ([http://w1.c1.rada.gov.ua/pls/zweb\\_n/webproc4\\_1?pf3511=40958](http://w1.c1.rada.gov.ua/pls/zweb_n/webproc4_1?pf3511=40958)) was passed by the VRU in the first reading in December 2011. It is expected that this Draft Law will be voted during 2012.

Starting December 1, 2011 Pact has launched two projects focusing on the land reform advocacy implemented by The Association of Farmers and Private Landowners of Ukraine (AFPL) and Institute for Economic Research and Policy Consulting (IER). Starting from December 1, 2011 projects were launched. AFPL aims to create an information milieu by consolidating farmers and private land owners to foster the creation of a transparent land market, protection of common rights and improvement of legislation. During the first quarter an Expert center on land issues was established, where they have prepared an analytical background materials for the AFPL. AFPL also was actively involved into the information and advocacy campaign. For example, it has signed several appeals directed to Ukrainian government, Head of VRU Committee on Agrarian Policy and Land Relations Grygoriy Kaletnik, and President of Ukraine Viktor Yanukovich. Information campaign included publication of analytical articles and commentaries in leading newspapers including Delo, Zerkalo Nedeli, and other, participation in TV programs and conferences to ensure that the transparent land reform continues to be on agenda of key stakeholders.

The Institute for Economic Research and Policy Consulting in cooperation with its partners (the Centre for Political and Legal Reforms and the Ukrainian Association of Press Publisher) launched the project that aims to use the Land Reform Barometer for advocacy and information campaign on land reform issues. Land Reform Barometer is an innovative tool for a regular monitoring of the implementation of the land reform and revealing the hidden problems of the process. The project will help to reveal the consequences of the land reform implementation on different stages of the realization. The repeated trilateral quarterly conducted opinion polls will help to distinguish the most common problems and indicate the regions of Ukraine with the greatest demand for information.

In December and January, the IER team members conducted a series of consultations on the formalities of cooperation inside the coalition as well as clarified on the responsibilities in project implementation. Furthermore, IER launched a webpage of the project, where the updates on the project will be used [http://www.ier.com.ua/en/land\\_reform\\_barometer/](http://www.ier.com.ua/en/land_reform_barometer/).

As land-reform issue is currently of the high importance in Ukraine, several USAID projects and other donors initiatives are focusing on this sector. Thus Pact is actively engaged in the donor coordination meetings and discussions on most relevant and hot issues on the changing policy environment. The internal meeting took place at USAID office on December 6, which aimed to get better understanding between UNITER and AGROINVEST projects' aims and activities.

Later on January 17, 2012 UNITER hosted a wider meeting (USAID, AGROINVEST, LEAP, U-Media, IRF and Ukrainian NGOs). The members of the meeting had an opportunity to come to the common understanding regarding the harmonization of the actual projects' components and reveal possible additional specific needs for activities, planned to be implemented in the framework of the land reform related projects, conducted by Ukrainian NGOs and international projects.

## **Activity 1e: Additional Activities of UNITER Civil Society Strengthening Program in Crimea**

### ***1. Policy & Research Grants***

With the goal to increase policy interactions on social, political and economic aspects of Crimea Pact supported three think tanks. The partners conducted researches in social-economic sphere, effectiveness of local self-government bodies, and education.

**Razumkov Center** has successfully completed all the project activities planned. The grantee presented final results of the project in November 2011 in Simferopol. Razumkov Center presented its policy recommendations to the Crimean government, which identify the steps to improve the life quality of Crimean residents. The Center prepared the recommendations based on the results of its policy research that was the first stage of the project. The round table discussion brought together high-level officials, including Vice Prime Minister of Crimea Pavlo Burlakov, Minister of Economy Svitlana Verba, Minister of Tourism Oleksandr Liev, Head of Agency for Regional Development Oleksiy Starodubov; NGO community, Tavrida Institute for Regional Development, Committee of Freedom of Speech in Crimea, Big Yalta Civic Committee; journalists, and business representatives. The audience discussed the priorities for the development of the region and the ways of creation of favorable conditions for such development, namely through attraction of foreign investments, ensuring government transparency in tender procedures, reduction of corruption, and inclusion of a humanitarian component to the development strategy. The grantee passed over the recommendations and project materials to the Crimean government.

**The Crimean Engineer Pedagogical University** prepared the research on the civil society participation in local governance. The research includes two surveys with over 1200 respondents in Crimea and over 300 civil society activists, and 12 in-depth interviews with local authorities. Based on these researches the expert group developed recommendations and a policy document for local authorities to introduce models of public participation in three key stages (planning/discussion, implementation, monitoring). During project implementation two presentation and discussions took place in Kiev (National Institute for Strategic Studies) and in Simferopol. This project helped to increase Crimean expert potential, to launch integration processes of European standards of public participation in local self-government system in Crimea, and made available study results to Ukrainian state, regional, and local authorities, analytical centers, and CSOs. As the result of the research Ministry of Regional Development of Crimea held the public discussion on creation of effective regional management system, using local potential and resources, providing of administrative and social services to Crimean population.

### ***2. Community Enhancement Centers***

Pact has identified five organizations that have a potential to become a Community Enhancement Centers and support and develop local civic activism in five regions of Crimea. The selected NGOs include Ukrainian House from Bakhchisaray, Civic Council of Children and Youth Organizations from Dzhankoy, Saki Rayon Association for Regional Initiatives Development from Saki, Volunteer from Sevastopol and Entrepreneurs Association Perspective from Sovetski rayon. After extensive capacity building intervention from Pact those organizations are serving as bank of resources providing local community with alternative platform for stakeholder communication. The centers are intensively working with local initiatives, communities offering

CECs signed agreements on cooperation with local authorities in order to create a bridge between community and local authorities. Local governments are actively participating in all events of CECs, providing assistance to the CECs, working as partners. Local governments understand that CECs are working as agencies for community development. To identify the specific needs of the communities where Centers are working the community maps have been developed. During next stage CECs led Citizen's Jury meetings in small communities in order to develop plans for solving community's problems. Citizen's Jury as a tool for decision making in local level was first time used in Ukraine. CECs representatives learned this tool during their study visit to Hungary. Hungarian colleagues from CROMO consulted CECs how to organize and hold the Citizen's Jury meeting.

CECs are working in such areas:

- Development of inter-sectoral cooperation;
- Community mobilization/social animation;
- Trainings and consultations for community leaders;
- Informational campaigns;
- Incubator for CSOs;
- Working with initiative groups in community, supporting groups via in-kind grants.

### ***3. Civic Innovation Fellowship***

In November 2011 Pact announced third and final call for applications to participate in the fellowship program. Pact targeted young ambitious civic activist from all over Crimea with the focusing on the regions where its Community Enhancement Centers operate e.g. Sevastopol, Saki, Bahchisaray, Dzhanhoy, and Sovetskoye. This year Pact received over seventy applications which is the largest number of applications ever received for the program. This success was achieved due to continuously growing popularity of the project, its graduates' efforts to popularize the program, its graduates' professional achievements as a result of the fellowship, and impact of the graduates' projects on local and national levels.

Pact conducted a two-round selection process. Pact engaged its grantees to screen and assess the applications and select candidates for the second selection round. This time Pact used an innovative selection approach that turned out to be exceptionally effective. Thirty semi-finalists participated in a one-day joint meeting conducted by external facilitators. The entire day the semi-finalists competed with each other participating in individual and group exercises and gaining points. As a result of this complex selection process Pact selected twelve finalists for the projects.

The first meeting that took place in December 2011 where fellows, traditionally, designed their joint curriculum for further five months. In addition with the regular topics like communication and project design the current group selected some unique from the previous groups topics: advocacy campaigns, facilitation, and team management and motivation. For the second meeting in January the group travelled to Lviv for the session on communications, to Kharkov in February for advocacy session, and Donetsk in March to learn project design.

### ***4. Local Grants Program***

On February 17, 2011 Pact has announced the third round of the Crimea Local Grants Program with the main goal to support Crimean civic initiatives that work towards better quality of social and administrative services on the peninsula. The call aims to support initiatives that foresee provision of social services directly to various social groups in Crimea; improve quality of social

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and administrative services provided by executive government and local self-governance; encourage public participation in decision making process to improve social and administrative services.

Pact has received thirty-five grant proposals out of which expert board recommended five projects for funding. The selected grants focus on improvement of the quality of services provided by the local government in rural areas. The selected projects work in Nizhnegorsk, Sovetkiy, Kirovskiy, Krasnogvardeiskiy and Dzhankoyskiy rayons.

Below is the summary of the projects administered by Pact:

- Association of Crimean water suppliers “AKVO” is implementing the project that is aimed at promoting better quality, accessibility, and effectiveness of water supply services in rural areas. The grantee conducted monitoring in Dzhankoyskiy, Krasnogvardeiskiy, Nizhnegorskiy, Sovetskiy rayons in the spheres of: water supply system, resources to provide the service, quality of the service, cooperation between community and government, effectiveness of already existing models of service provision. Based on the monitoring results the Association facilitated four public hearings with the participation of community, local government, where participants developed recommendations to improve quality of services. Thanks to the grantee’s effort and active advocating, the recommendations were approved by local government. The project creates the partnerships between communities, water supply providers, private business, and local self-government authorities on the issues of accessible and qualitative water supply services provision.
- The Alushta-based NGO Novus launched their on-line advocacy and community mobilization tool. The website serves as a tool for participation in decision-making process in communal sphere. The website contains the map of problems of Alushta, where local citizens have a chance to add communal and administrative problems. After receiving and identifying the most urgent problems through on-line voting the appeals goes over to the communal services for their consideration and actions. The website also provides monitoring options to follow the progress of the appeal. This is a pilot project, the grantee plans to spread the project throughout Ukraine and encourage Ukrainians to speak-up promoting their right for quality administrative services.
- The NGO Union of Entrepreneurs and Agrarians of Nizhnegorsk operates in the North Crimea region to ensure better quality of social services by conducting monitoring, developing and adopting recommendations to legal documents regulating service provision. When implementing the project, the grantee analyzed quality and accessibility of administrative services provided by Nizhnegorsk rayon administration to local inhabitants. Based on the information obtained NGO experts put together a list of the administrative services population receives in Nizhnegorsk rayon and conducted three focus groups to identify top ten important services, providing procedures and developed recommendations on their improvement. Upon establishing cooperation with the Nizhnegorsk rayon administration and conducting public hearing on the project issues, the Union launched the advocacy campaign that resulted to adopting the recommendations on improving the quality of administrative services by local authorities.
- Crimean Republican Organization of All-Ukrainian Youth Public Organization Council of Young Civil Servants of Ukraine implemented the project that aimed at providing quality administrative services for Belogorsk rayon population. The project staff conducted interviews with Belogorsk city council and three rayon village councils to put together a list of administrative services the authorities provide to local population.

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Cooperating with local government, the grantee identified ways to optimize and simplify processes of providing services and equipped four councils with computers and special software for the staff responsible for service provision. Due to the grantee efforts, the One-window administrative service provision introduced in the region that benefited 100 people who received consultations on the project issue.

- The project, implemented in Eastern Crimea by the Inter-regional Union of Industrialists and Entrepreneurs (IUIE) of Kirovskiy rayon, functions to improve quality of administrative and social services in Pervomaiskoe, Zhuravki, Vladislavovka, Sovetskiy rayon by establishing service-information centers in the village councils. The Union established information centers in the premises of the three village councils and equipped them with computers and Internet access. The Centers provided informative and paperwork assistance to local population when receiving administrative and social services. The grantee trained the village councils' representatives and local community on business plans drafting, marketing, and financial planning for the beneficiaries to effectively operate focusing on economic development of the villages and develop the business plans to attract investments to the rayon. The Union activities resulted to designing the three village development strategies by the community, village councils, and local business. In addition, local population received quality administrative and social services and easy access to information and technical advice.
- NGO Young Civil Servants on Ukraine has finished the project in the beginning of 2012 and completed almost all the activities planned. The grantee's ultimate goal was to increase administrative services in Belogorsk rayon. The grantee equipped four village councils with computers and trained its employees to provide services to the population such like through 'one window'.

#### ***5. Crimean Expert Platform.***

In the light of changing political environment in Crimea Pact adapted its program where as a result instead of the last local grants call for proposals Pact works towards establishing a national level policy initiative. Nevertheless, Pact's main mission in Crimea still remains to promote better life quality although now this will be achieved by influencing decision makers on policy level. Moreover, Pact considers important to stimulate partnership with the Crimean government in the framework of the Development Strategy, main strategic document of the region.

Thus, Pact will promote long-term development goals rather than short-term project initiatives. Considering all the factors mentioned above Pact streamed its resources from local grants to policy grants. Primary mechanism to achieve that is policy grants. Crimean Expert Platform will be the mechanism to bring together the expert community of Crimea and advocacy organizations and initiatives to better prepare analytical products, advocacy, and implement the results by local and regional authorities in Crimea. The Platform will help to increase the capacity of organizations and groups in the areas of policy analysis and advocacy.

The main goal of the new program in Crimea is to promote the development of analytical capacity of the third sector of the Crimea, create a synergy between analytic and advocacy groups, and improve the quality of analytical product on Crimea-related issues, which will form the basis for programs and projects of Crimean authorities in all levels, by supporting constantly functioning Crimean Expert Platform. Pact has started facilitating the Crimea Experts Platform creation through the meeting with individual experts as well as holding the public discussion to encourage thinking about the possible issues to focus on.

## **6. Cooperation with regional government and other international projects**

UNITER project in Crimea signed the Agreement about cooperation with Ministry of Economy and Trade of Ukraine. This Agreement provides to UNITER and its partners to be an active part of discussion and implementation of Crimean Development Strategy. As well as UNITER project is a member of the Donors' Coordination Council under the Ministry.

UNITER project in Crimea also involved into dialogue on creation of effective system of territorial management, resource management, providing qualitative social and administrative services to Crimean population. This dialogue created by the Crimean Ministry of Regional Development.

UNITER project and U-Media project in Crimea started new pilot initiative aimed to teach and create community web-site in Krasnogvardeyskiy rayon of Crimea. UNITER's partner Association for Development of Krasnogvardeyskiy Rayon will be base-organization for organizing community activists, young innovators, NGOs for teaching them how to use social media, do local news, create and support community web-site. U-Media project provides equipment and trainings for group. UNITER's partners Community Enhancement Centers in Dzhankoy and Saki and U-Media projects organized and held training on social media and web-designing for community leaders, initiative groups and NGOs.

### **Objective 2: The relevant legislative framework for civil society approaches European standards. (5%)**

#### **Activity 2a: Support NGO efforts to propose legislative initiatives and build consensus for changes.**

##### ***1. Cooperation with key partner for legislative reform related to NGOs***

Pact/UNITER continues to make efforts toward improving the legislative environment for civil society in Ukraine through its work with the partner organization – UCIPR. Pact encourage its partner working on improvement of legislation to continue advocacy campaigns using media to generate public pressure from a larger constituency and develop strategies and tactics on questions critical to the perseverance of open society.

Within the reporting period, due to UCIPR's continuous advocacy campaigns, four significant documents were adopted on the highest level:

- The Resolution #1049 "On the Approval of the Procedure for Contests for Projects NGOs and Programs, Monitoring and Evaluation of Their Results";
- President's Decree # 32/2012 "Issues of civil society development in Ukraine";
- The Law "On Public Organizations" # 7262-1;
- President's Decree # on Strategy of government policy civil society development and Priority Action Plan for the implementation of the Strategy;

The Resolution 1049, that was adopted by the Cabinet of Ministers on October 12, 2011, regulates contest-based and project-based distribution of government financial support for CSOs; expands contest-based funds distribution on most of cases of financial support for organizations of disabled people and veterans; defines procedures for contests and criteria for evaluation of project proposals; provides for elimination of conflict on interests within distribution of

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government financial support for CSOs. The document provides transparent and effective procedures for NGOs to get access to government funding.

President's Decree # 32/2012 established Coordination council for civil society development as an advisory body for the President. There are 40 members of the council, and 16 of them are representatives of the civil society. President also commissioned the Council to develop draft Strategy of government policy civil society development and draft Priority Action Plan for the implementation of the Strategy. The Council also has authority to develop yearly action plans for implementation of the Strategy, monitor the implementation of the Strategy, develop/provide expertise and proposals for draft President's Decrees and draft laws pertaining to civil society development and initiate public hearings on draft legal acts pertaining to civil society development. The drafts of the Strategy and Action Plan were prepared by Coordination Council on Civil Society (CS) Development.

The meeting of the Council took place on March 14, where the Council members and other interested stakeholders, including civic activists, government representatives, scholars, and representatives of international institutions discussed the text of the Strategy and the Action Plan provided recommendations and suggestions. After the finalization of the text, the Council submitted the drafts to the President for his approval. On March 24, President signed the decree # 212/2012 on Strategy of government policy civil society development and Priority Action Plan for the implementation of the Strategy.

The Strategy aims to strengthen Civil Society in Ukraine as base for democratic development of the state, establishes public control of governmental activities and regular consultations with the public on important issues for society and country. According to the Strategy, the state policy for civil society development provides favorable legal, financial, tax conditions for the creation and functioning of civil society institutions; improves procedures for conducting local referendums, peaceful assembly and general meetings. The strategy also establishes regular consultations between authorities and civil society during decision-making process, introduces a unify procedure for allocation of funds for state financial assistance programs and projects of civil society institutions on a competitive basis.

## **2. Campaign for the Law on Public Associations**

As mentioned under objective 1, the Law "On Public Organizations" (№ 7262-1) was adopted in the second reading on March 22, 2012 by constitutional majority of Verkhovna Rada - 334 MPs (Party of regions -179 votes, B'YT – 69 votes, other fractions – 86 votes). The new Law will extend the rights of NGOs and ease their activities, namely, it will: abolish the territorial status of NGOs; simplify the registration procedures; authorize both legal entities and private persons to establish the NGO; provide NGOs with the right to conduct economic activities. The Law will come into force from January 1, 2013.

The Law was developed by public experts and its adoption became possible due to active pressure for Ukrainian non-government organizations, international organizations and diplomatic community. The new Law meets European standards on legal status of non-government organizations, namely with Recommendation CM/Rec (2007)14 of the Committee of Ministers of the Council of Europe to member states on the legal status of non-governmental organizations in Europe. Adoption of this draft law was an obligation of Ukraine before the Council of Europe. In 2008 the European Court of Human Rights ruled that Ukrainian legislation on NGOs

violated Article 11 of the Convention on Human Rights, namely the right for association. In October 2010 the European Council adopted Resolution 1755 “On the functioning of democratic institutions in Ukraine”, calling Ukrainian authorities to adopt a new Law on NGOs.”

### **3. Law “On Charity and Charitable Organizations”**

The draft Law “On Charity and Charitable Organizations” # 6343 that was developed by a group of civil society experts registered in the parliament on April 26th, 2010. MPs Yulia Lyovochkina (PoR), Olesya Orobets (NUNS), Oleksandr Feldman (PoR), and Oleg Zarubinskiy (Block Lytvyna) signed under submission of this draft in the Parliament. On February 17, 2011 the Verkhovna Rada Committee on Culture and Spirituality recommended the draft law “On Charity and Charitable organizations” for the first reading in the Parliament.

The Draft Law “On Charity and Charitable Organizations” was adopted by Verkhovna Rada in the first reading on May 17, 2011. Except UCIPR, the list of advocates for this legislation includes foundations that are closely connected to the prominent figures in the government such as Rinat Akhmetov Foundation, Pinchuk Foundation, Klitchko Foundation and Open Ukraine Fund.

The adoption of law on “On Charity and Charitable Organizations” would bring the following benefits:

- Simplify the system of registration of charitable organization;
- Abolish the territorial status of charitable organization, which will allow to receive support all over the country;
- Enable charitable organizations to control charitable costs;
- Establish a returnable financial donation;
- Provide new high standards for transparency of activities of charitable organization;
- Establish new financial instruments, namely, charitable servitudes, charity wills, and endowments.

In order to push the adoption of the Law, UCIPR continued actively working with representatives of the President’s Administration, namely M. Stavnichyk and A. Shulima. They were invited to take active part in process of development of the draft law for the second reading.

However, MP Y. Voropayev initiated the revision of the text of the draft law within the working group. Therefore, UCIPR started facilitating the consultations with the lawyers of this MP, and created the informal working group. As a result of this work, all rational proposals were considered and all important democratic provisions of the draft law were preserved.

Within the reported period the draft law was included into daily agendas of the VR agenda several times, but was subsequently withdrawn for further amendment. However, through permanent consultations UCIPR stable could achieve the stable support of the fraction of the Party of Regions for the draft law.

The Verkhovna Rada Committee on Culture and Spirituality that was responsible for preparing this draft for the second reading.

### **4. Draft law "On Amending the Tax Code (regarding taxation of non-government organizations)"**

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UCIPR developed two draft laws "On Amending the Tax Code (regarding taxation of non-government organizations)" and "On Amending the Tax Code (regarding taxation of charitable aid and tax deduction). Most important provisions of these draft laws include: the right of NGOs not having a non-profit status to choose the simplified tax regime; lower VAT for socially important goods and services; exemption of charitable donations for NGOs that come as goods and services from VAT; the right of the Cabinet instead of the Tax agency to adopt the procedures for the Registry of non-profits; inclusion of charitable aid for no-profits into expenses, that decrease the amount of profit subject to taxation; introduction of alternative base for charitable donations as 2% of expenses; the right of private philanthropists to give charitable aid as percentage of amount paid as mandatory social insurance instead of percentage of declared salary. UCIPR conducted public discussions, round tables and presentations in order to discuss the draft laws. According to participants' feedback, amendment to the Tax Code proved to reflect the needs of charities.

***5. Draft resolution "On the Approval of the Procedure for Contests of NGOs Projects offered for government financial support" approved by the CMU.***

Resolution #1049 «On the Approval of the Procedure for Contests for Projects NGOs and Programs, Monitoring and Evaluation of Their Results" was adopted on October 12, 2011. In order to ensure better access of NGOs to the government funds UCIPR has been advocating for this legislation since 2009. The document introduced a uniform methodology for social project tenders and funding conditions for all ministries.

The recommendations developed by the working group will be used during the contests, and will include the provision that regulate how to define priority objectives of a contest and how to engage the public in decision-making on this issue; when and how the contest should be announced; what documents should be submitted by NGOs within application packages; how to form a contest commission and what are requirements on elimination of conflict of interests; for what reasons applications may be rejected; how to evaluate contest proposals; what should agreements between government institution and the winners of contests provide for and how to organize monitoring of implementation of projects.

After the analysis of budget legislation in terms of planning the expenses on financial support of NGOs, Budget Code, Cabinet's Decrees on rules for usages of budget funds, UCIPR conducted meeting with government officials involved in budget planning. As a result of the discussion, representatives of both NGOs and government institutions agreed, that financial support for NGOs should be provided within wider range of government policies.

**Objective 3: NGOs are transparently governed and capably managed. (20%)**

**Activity 3a: Support organizations receiving grants for local advocacy to meet their basic organizational capacity strengthening needs.**

***1. Pact implements rapid organizational capacity assessments of local grantees***

- Pact team in close cooperation with its partner organization Creative Centre CCC (CCC) continues to conduct a rapid capacity assessment for all UNITER grantees in 2011 and 2012. Based on the assessment results the UNITER grantees' basic capacity needs will be

identified and shared with the grantees. It will allow Pact to provide additional technical support to grantees according to their needs through the Capacity Building Marketplace.

- East Europe Foundation conducted the third round of Local Advocacy Grants Program that was focused on supporting advocacy coalitions. The competition was held in two stages. The 7 coalitions that were pre-selected at the first stage received a network strengthening and planning assistance for their coalitions. These sessions allowed organizations to think through their advocacy campaigns and plan them more effectively.

**Activity 3b: Provide advanced capacity development program to key NGO partners/facilitate creating of national leaders.**

***1. Conduct advanced institutional strengthening to key NGOs***

To prepare its key partners to the direct funding Pact is focusing on strengthening organizational systems and structures to be able to undergo the international audit. The audit readiness program is focused on introducing international standards of financial reporting and accounting systems within organization. The selected partners also introduced to the main demands of USAID reporting and audit procedures. The audit-readiness program included three stages: trainings on international audit standards, test audit with further implementation of improvements and control audit stage. All three stages were successfully implemented for the first round of selected partners by February 2012. The first round partners included UCIPR, Center UA, CCC, MLI, and Resource Center Gurt. Taking into account the recommendations from Compass Audit Group Pact selected three organizations Center UA, UCIPR and CCC for additional capacity development support. Based on Compass recommendations three partners have developed individual strengthening plans and will focus on developing their systems to be fully ready for the audit by the end of FY 2012.

**A-133 audit-readiness program:**

At the first stage of the program Compass has conducted pre-assessment of the partners capacity and four-day training on International Standards of Financial Reporting and International Audit for Non-profitable Sector. The training included financial management in non-profit sector, complex international standards of financial reporting, and study and practical application of basic international standards, necessary for the work of a non-profit organization. At the second stage Compass has conducted “test” audits of selected five partners and provided recommendations for each organization for improvement. During September and October Compass has provided individual consultations to each organization on implementation of recommendations of the “test” audit. The recommendations provided by Compass to organizations included the following areas:

- Administrative and financial procedures (general administrative and financial policies; personnel policies and procedures; procurement policies and procedures; travel policies and procedures; and property management policies and procedures);
- Accounting, control and information systems;

- Control system (forms, documents, and procedures for operational control; fund disbursement procedures; organizational plan to define responsibilities and lines of authority; procedures that provide for segregation of duties among functions);
- Information system (provide sufficient flexibility to address need to segregate accounting based on source of funds and multiple currencies; and include an executive information system, capable of generating on-demand reports that will be used to make informed management decisions.)

Compass analysis highlighted that the older organizations that participated in the program had established practices and relationships with donors and were resisting to the implementation of needed changes. Younger less-experienced organizations were more willing to accept recommendations and more eager to implement the changes in their policies and procedures. Compass also acknowledged that participants of the program are more aware of the EU regulations which differ from US audit which looks more in organizational sustainability.

During the third stage Compass conducted the control audits and provided further recommendations on improvements. Besides the audit Compass also assessed organizations with the LCD Organizational Capacity Assessment tool that was provided by USAID. Thus Compass also assessed the level of capacity in administration and management procedures, rules and regulations on human resources; procurement policies; legal statute documents; travel policies and procedures; accounting and internal audit procedures; IT systems; fixed assets control; financial systems and controls; cost-share procedures; compliance with funding sources. Below are general observations on each partner:

<b>Partner</b>	<b>Field of improvement</b>
<b>Center UA</b>	<ul style="list-style-type: none"> <li>- Most of organizational capacities are at moderate and strong level;</li> <li>- Organizational governance need substantial improvements: clear definition of vision, mission, structure, decision making process, overall strategic vision;</li> <li>- The organization need to develop general procedures for projects management, procurement procedures and property management procedures;</li> </ul>
<b>UCIPR</b>	<ul style="list-style-type: none"> <li>- Most of organizational capacities are at basic and moderate level;</li> <li>- Organization need to develop its structure, communication between different departments, clarify the strategic vision and develop/update work plans;</li> <li>- Organization need to develop procedures of assets control, financial manual, general budget planning and control;</li> <li>- Organization need to develop personnel policy manual and implement the procedures for staff management;</li> </ul>
<b>CCC</b>	<ul style="list-style-type: none"> <li>- Most of organizational capacities are at basic and moderate level;</li> <li>- The organization has to train its staff on the use of 1C-Accounting to make financial information consolidated and keep accounting in computerized form;</li> <li>- The organization need to develop general procedures for projects management;</li> </ul>

Pact has launched the second round of the audit readiness program to the identified partners. Pact has selected partners based on their involvement UNITER program, strong leadership in its sector, level of organizational development efforts from Pact, existence of some basic systems



and policies in place; potential of partner organization for organizational development. The partners of the second round of the audit readiness program include the following organizations:

- Democratic Initiatives Foundation (DIF)
- Razumkov Center
- Institute of World policy (IWP)
- Institute for economic research and policy consulting (IER)
- ISAR Yednannya
- Center for Political and Legal Reform (CPLR)
- TORO Creative Union

On February 28-29 participants took part in the training on the audit procedures which followed by individual meetings with each organization. During the meeting Compass conducted pre-assessment of basic organizational structures. The test audits that were conducted through March-April will serve as a basis for further participation of these organizations in the program.

#### Advanced Capacity Building Grants:

Each partner that passed the audit readiness program has developed a plan on how to implement the recommendations provided during control audit and USAID LCD OCA assessment. Pact is supporting additional organizational development efforts with the targeted institutional strengthening grants. Based on organizational plans most of the grants will cover expenses of additional administrative staff member, consultations and training from external providers, or participation in special events that will further develop organizations. Pact conducts a regular monitoring and evaluation of the partners' activities in the process of institutional strengthening.

#### **Activity 3c: Activating the local Marketplace through LINCS**

##### ***Pact capacity building to local Marketplace administrator***

To ensure future sustainability and development of NGO Capacity Building Marketplace Pact initiated the process of transition of the NGO Capacity Building Marketplace to a local administrator. In June-July 2011 Pact issued a CFA with an eye towards selecting a local Ukrainian organization or consortium of organizations capable of taking local ownership of the Marketplace. Officially registered Ukrainian legal entities (NGOs, charitable foundations, businesses) from all regions of Ukraine experienced and capable to manage the Marketplace were invited to take part in the competition. As the Marketplace should self-finance itself in the future, Pact requested consortiums of NGOs, businesses or coalition/combination of those to instead of submitting project proposals, send the business plans, which address sustainability in a complex and long-term manner.

Despite the wide advertisement of this opportunity on the Internet, media and various mailing lists, Pact has received only three applications: from ISAR Ednannia, from a coalition of CCC and Gurt, and from the Center for Philanthropy. When Pact's selection board reviewed the proposals, it concluded that none of the received applications had fully and exhaustively met the main requirements of the call. While ISAR was deemed to have presented a more convincing vision, the board decided to request further clarification from CCC/Gurt coalition as their proposal was the most developed in other aspects of the call.

Critical was for CCC/Gurt to demonstrate their long-term vision and a transparent governance mechanism. The updated business plan and individual meeting with the coalition members confirmed that applicants did not possess the long-term vision of the marketplace sustainability beyond UNITER project. Moreover, Gurt and CCC, both representing the key service providers for NGOs, had a conflict of interest with the concept of the market-driven relations on the capacity building market. Both organizations rejected the fact of having such a conflict of interest and thus not eager to take actions in order to mitigate such conflict. They did not, for example, agree to establish an independently governing body for the administration of the Marketplace.

Lacking the vision and strong commitment to the idea of the marketplace from the local organizations, Pact has decided to take a different course to ensure local ownership to the Marketplace. Pact chose to gradually outsource the marketplace by different components. At the same time Pact will continue to spearhead those critical components that define the future viability of the now functioning product. Through incremental steps Pact builds vision, ownership and capacity to administer the Marketplace in the future in one organization or within a coalition of organizations.

Through a call by invitation Pact solicited proposals to administer and advance Voucher System for Ukrainian NGOs. Pact invited two organizations, East Europe Foundation and ISAR Ednannia, which have relevant experience in small re-granting on the national scale with well-established systems in financial management. Ultimately, Pact has selected ISAR Ednannia as the administrator of the voucher system that started issuing vouchers in March. ISAR ensures that voucher system will meet the various needs of NGOs in Ukraine including specific advanced packages of vouchers for service providers, think tanks and advocacy organizations, networks, international travel vouchers, etc.

The voucher system is closely connected to the updated web-site and online transactions. The local administrator will also be able to manage funding from other donors that are interested in contributing to the voucher pool. ISAR already secured support from the Mott Foundation to the voucher pool. It plans to attract additional funding from Swedish International Development Agency (SIDA) to increase its pool after the organization passes a system audit conducted by SIDA consultants. Pact provides the full capacity building support including audit readiness program, coaching and mentoring, insuring high quality of services during transition period and continues to oversee the process of vouchers administration. Pact is also engaged in launching the discussion among key stakeholders to ensure the transparent governance system of the marketplace.

The transition period of Voucher system covered January-February 2012. During this period ISAR Ednannia in close cooperation with Pact/UNITER developed voucher package (Call for application; application form, needs assessment form, selection criteria, grant agreement forms, reporting forms). The package was adapted according to the Grant Manual of the ISAR Ednannia and Ukrainian legislation. ISAR announced the Voucher CFA in February 2012. During next 3 months all other procedures and documentations will be tested and improved if needed.

Based on the previous Pact's experience the following system of providing vouchers was agreed:

- Analysis of needs by the applicant (consulting support from ISAR)

- Development of the form of individual development plan by the applicant (consulting support from ISAR)
- Review of applications by Selection Committee
- Vouchers issuing
- Search of service provider at the portal NGO Marketplace
- The Grant Agreement signing with the voucher-holder
- Receiving by the voucher-holder service(s) from provider
- Report to ISAR Ednannia
- Checking the report
- The payment to the service provider (pre-payment is option)

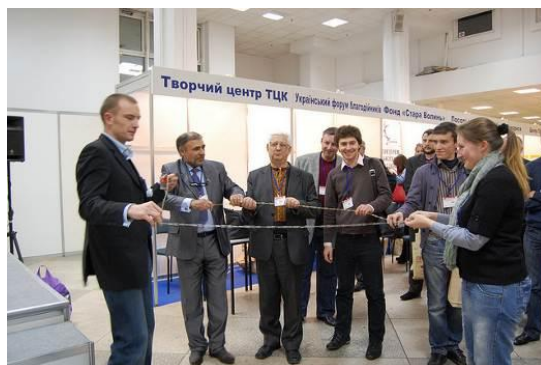
ISAR Ednannya together with Pact/UNITER developed structure of the voucher selection committee which consists of representatives of Pact, ISAR Ednannia, outside expert from donors or capacity builders. The number of members could vary depending on type of vouchers. For example, 3 experts would be enough for reviewing the basic level vouchers; 5 people for advanced level, group vouchers and other special types of vouchers. The Selection Committee will have at least 2 regular meeting per month. The additional meetings could happen in case if ISAR Ednannya will collect more than 5 applications for vouchers. During the reported period ISAR Ednannya conducted the first Voucher Selection Committee which issued 14 vouchers to the NGOs.

### ***Capacity Building Fairs***

The road show presentation was held by GURT in Luhansk to promote the capacity building among local CSOs. The road-show presentation also explained organizations on how they can apply for the voucher, what benefits NGOs get from developing its capacity, and how to define priorities in organizational development.

On October 18, 2011 the Third Regional Capacity Building Marketplace Fair was conducted in Kharkiv. The event attracted over 70 representatives of CSOs from Eastern Ukraine to learn more about opportunities in the capacity development. The Fair hosted 10 providers that presented the services to participants. The expert discussion that was held during the fair focused on the issue of transparency of NGOs, its relationship to the capability to mobilize resources and ability to represent constituency's interests. The master classes held during the fair provided a platform for providers to market their services and demonstrates innovative approaches in the sphere of advocacy, organizational development, PR and teambuilding.

The IV National Capacity Building Fair was conducted on November 17 and gathered over 320 leaders of Ukrainian civil society in Kyiv. Over thirty training providers presented services presented services in the sphere of advocacy, effective communication, HR, fundraising, project management etc. The parallel events conducted during the fair fostered the participants to define the tendencies and discuss the challenges of civil society in Ukraine, to establish successful partnerships and start new initiatives. The side events included workshop on TOP Facilitation Method from Irina Fursman, Vice President and Co-Founder of Global Synergy Group LL,



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presentation on Interactive Organization: Investment in Effectiveness from Joe Toepfer, member of Berlin Open Space Cooperative and Future Search Network, and master-class on strategic fundraising from Natalia Mazur, Director of Development by Helmer Inc. Besides that event hosted experts discussions on the vision of the role and development of the strategy of civil society in Ukraine facilitated by Lyubov Palyvoda President of CCC Creative Centre and Development of Effective Communication in Civil Society Sector held by Taras Tymchuk, Director of Societal Information Department at GURT Resource Centre. The participants also discussed the future development of the Pact's voucher system and how it can be improved to better serve the needs of civil society.

The V National Capacity Building Fair was held as a side event during the Civic Assembly of Ukraine (GAU) Forum. The event was held in close coordination with the International Renaissance Foundation who was funding the GAU Forum. The Fair gathered 12 service providers and was a great additional opportunity for the training providers to present their



organizational development services to nearly 400 delegates and guests of the GAU Forum. Gurt has also held a round table discussion on the future format of the marketplace. Pact also led an expert discussion during the Fair focused on the needs of the development of the service providers, ensuring that marketplace meets their expectations. Despite the active engagement of some of the providers in the discussion they were not able to identify the specific needs for development. The participants has discussed the need for quality control and

possible specialization and acknowledged the need for more innovation and new technologies to be brought to Ukraine. Participants also mentioned the role of donor in demanding the higher quality of the services for NGOs. Marketplace can also provide a platform for exchange of experiences among providers and introduction of the new training tools that are not used by local service providers.

In support of the promotion of capacity building activities Gurt has also published a series of articles on the issues of capacity building, conducted a video contest on why capacity building is important and conducted web-conferences on specific capacity issues that are important for civil society. This has contributed to the increase in awareness on organizational development issues, increased visitors to the marketplace web-site and increase in number of applications received for vouchers.

### ***The Online NGO Marketplace***

In the heart of the Marketplace is the online platform, which in the long-run should allow financial transactions or at least lay the ground for actual financial transaction involving the vouchers. Pact is working with IT-company Dot Shot and experts in internet communications in re-designing and updating the portal. Pact takes into account the recommendations provided during UNITER mid-term evaluation, feedback from various stakeholders and current users of the portal to improve it further and to make it more user friendly. The new updated design launched in March enables interactions and deals happening through the portal, provides better opportunity for users to evaluate providers work and donors' to certify the pool of service

providers that they trust. DotShot also implements the search engine optimization of the portal to ensure that the portal is promoted in various search engines.

**Objective 4: Civil society organizations are more financially sustainable and less dependent on foreign donors. (25%)**

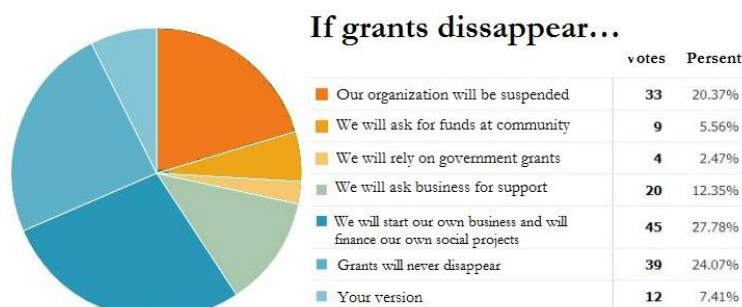
Financial sustainability of the third sector in Ukraine, verification of NGOs resources and less dependence of the foreign donors funding will continue to be a cross-cutting priority and theme across UNITER programs. All activities under objective 4 are integrated into activities of Objectives 1 through 3.

**Activity 4a: Civic-private partnerships**

Financial sustainability of the civil society is a cross-cutting theme and priority across UNITER programs. All UNITER partners are encouraged to work closer with different stakeholders including business and government. More specifically Pact will support financial viability through:

- Promoting partnerships with business and government under all competitions which are held by Pact.
- Supporting partners that work to improve enabling legislative environment especially advocating for Law on Philanthropy and legislation on government funding.
- Developing organizations' capacities in different areas so that they will be more effective and professional in their communication, fundraising, management and cooperation.
- Implementing program on international audit readiness that will help NGOs to develop more transparent financial systems and enable NGOs to deal with funding from different sources.
- Supporting initiatives aimed at growing cooperation with government and business.
- Supporting the national level initiatives that are aimed to develop philanthropy and corporate social responsibility.

However, despite the progress in this sphere many civil society organizations still rely on donors funding. The polling conducted by GURT web-site among its visitors indicates that 24% of respondents do not believe in the disappearance of international donor funding and very small percentage rely on the community, government or business support. Over 20% of respondents believe that their organization will disappear without international donors' support.



***1. Create enabling environment for Corporate Social Responsibility (CSR) development***  
***Corporate Social Responsibility***

CSR Centre continued raising public awareness on the issue of corporate social responsibility in Ukraine and on development of a national CSR strategy. CSR Center has held four round-tables that engaged various stakeholders including media, NGOs, municipalities, Universities and business. In October CSR Centre successfully conducted its second CSR marketplace, where 30 organizations participated, including NGOs, business, international organizations. Moreover, more than 500 participants attended the event and voted for the best projects of corporate social responsibility. The CSR marketplace became not only a place for sharing best CSR practices in Ukraine, but a unique platform for building NGO-business networking connections with establishing cross-sectoral partnerships. The marketplace resulted in over 30 partnerships between NGOs and businesses and include the following projects:

- Platinum Bank, MTS and Microsoft together with Dnipropetrovsk Institute are implementing the joint project on providing computers, Internet and software to schools in Dnipropetrovsk
- MTS, DTEK and Foundation Development of Ukraine jointly provide telemedicine in rural areas in Ukraine. They provide opportunity for rural areas to receive the consultation from the doctors online where it is not available otherwise
- Life:), Foundation "Otchiy Dom" and Centre for CSR Development conduct a summer school for orphans.

In December 2011 CSR Centre conducted its third annual award of the best practices in CSR among Ukrainian companies. During practicum sessions conducted in December businesses presented their cases in CSR including case on labor and ecological practices, and community development projects.

#### **Activity 4c: Facilitate access to sub-national government funding through services contracting**

Pact to date achieved exciting progress in helping NGOs to gain support and financial resources from government and business. A growing number of grantees have gained support and funds from government and business to increase the scope of their activities. Under objective 2, Pact supports UCIPR in advocating for more transparent rules and regulations on provision of the government grants by national and local governments (see objective 2 for more details).

## **V. Other Activities**

### ***1. Evaluation and learning***

Pact has undertaken a thorough monitoring and evaluation effort that in previous years provided key baseline data and documented results among grantees. In FY12, Pact continued to track results and monitor quality. Pact also further refined its database, so that information is optimally captured and can be easily analyzed and accessed. Furthermore, Pact continued to closely work with its partners and grantees to develop their own M&E systems and track results. Such approach is important to helping NGOs consider M&E not only as a bureaucratic reporting requirement, but rather as an essential tool in their work.

To inform its program design Pact has conducted internal evaluation of Marketplace concept and voucher system. As part of this evaluation Pact Director of Results and Measurement Kerry

Bruce has conducted a series of meetings with various stakeholders. As a result of this evaluation Pact has designed the 4 level concept and developed specific indicators applicable for each stage of development of the Marketplace. As UNITER-implemented Marketplace fits the level 3 of the concept, Pact plans to incorporate these indicators in measuring the success of the concept implementation.

## 2. UNITER's promotional resources

Pact's communication materials are key source for stakeholders on the main developments in civil society.

- The targeted memos that aimed to update international community on the major developments in the civil society are useful tools in bringing important messages to the decision makers and setting agendas for high-level negotiations. Pact also helps NGOs to become better messengers on behalf of their causes and the cause of civil society, UNITER creates a multiplier effect in promoting new social norms in Ukraine.
- *Website*: UNITER web-site is a tool with which UNITER communicates about its project goals, activities and results. Designed to be straightforward and accessible, the website provides information about UNITER plans and strategy as well as about upcoming training events and grant competitions. The website also contains information about UNITER partners and grantees, and their current and upcoming activities.
- *UNITER weekly updates*: each Wednesday, UNITER prepares weekly updates on the most significant project-supported events, important legislative developments, and useful resources. These updates are distributed to a large number of donor institutions and UNITER current and former partners. This communication channel allows UNITER to promote its partners' work among a wide range of stakeholders and to help CSOs discover beneficial opportunities. Currently, the distribution list includes over 250 representative of donor institutions and approximately the same number of recipients from partner organizations.

*UNITER's highlights "are one of the most dynamic systematic editions that highlights the most remarkable civic events promoting real reforms in Ukraine"*

Quote from the civil society leader providing feedback on UNITER highlights. March, 14, 2012

- *The project e-Newsletter*: a monthly e-newsletter, targeted towards a broader range of interested parties, including NGOs, media, government, businesses and grassroots, is disseminated by UNITER. The newsletter includes success stories, advertises existing opportunities and informs about the events of the partners. The current mailing list includes 2012 recipients.
- *Supporting sectoral dialogue with stakeholders*: bringing groups and organizations together to share experiences and build partnerships is a fundamental aspect of UNITER's work. UNITER meets with NGO partners, share information effectively and identifies opportunities for fruitful collaboration with other projects. Pact hosted and facilitated sectoral discussions, issue-based coalition meetings, coordination meetings,



and other forms of the dialogue for different stakeholders to ensure better collaboration between them.

- *Donor coordination:* Effective coordination is integral to UNITER's strategy. Pact continues to collaborate with other assistance projects that incorporate NGOs into the policy reform process. In FY12, Pact initiated donor coordination meetings on regular basis in order to provide a review of the recent developments, an opportunity for participants to share information and review jointly the ongoing and future/planned activities of main donors. UNITER's strategy is to meet often with counterparts, share information effectively and identify opportunities for fruitful collaboration with other projects. Furthermore, Pact works diligently to avoid duplication and/or competition by concentrating on adding value in areas of potential program overlap.
- During reporting period, Pact continued to be involved in donor coordination on the Access to Public Information legislation. Pact also initiated the dialogue among the donor institutions active in the sphere of land reform which includes other USAID implementers, International Renaissance Foundation and EU Delegation and other interested donors. Pact leads a continuous discussion with its colleagues from various organizations to convey the vision of the Capacity Development Marketplace framework and to convince more donors to utilize Marketplace for the distribution of their capacity development support. In FY2012 Pact has developed a partnership on the marketplace with SIDA, Internews and Mott.

### **3. Gender**

UNITER is committed to integrating gender equity principles and practices into its programs. In FY12, Pact continued to promote gender equity on both operational and programmatic levels through the project. Operationally, UNITER ensured that its policies and opportunities for participation extended equitably to men and women. On a programmatic level, sub-grantees were encouraged to have an equal focus on men and women. Moreover, Pact highlighted and supported women's leadership contributions. In addition, UNITER worked with its partners to sharpen gender analysis and gender programming skills to monitor their work, encouraging partners to collect data disaggregated by gender to demonstrate their relative impact on both men and women, thereby institutionalizing gender awareness in NGOs.



## Activities Planned for Next Period

Activities planned for next period	Timeline
<b>Activity 1a: NGOs, individually and collectively, advocate for government accountability at the local level</b>	
1. LAGP to strengthen national policy advocacy	ongoing
<b>Activity 1c: Support and enhance national NGO policy reform efforts.</b>	
1. Ukrainian reform Forum for Europeanization	ongoing
2. Support thematic (sectoral) networks and leading policy change	ongoing
<b>Activity 1d: Provide technical assistance to enhance the advocacy skills of grantees.</b>	
1. Building the core competency of UNITER grantees (communication, facilitation, public policy advocacy, mediation)	
2. Grant facility for advanced technical assistance to key Ukrainian think tanks	Ongoing
<b>Activity 1e: Additional Activities of UNITER Civil Society Strengthening Program in Crimea</b>	
1. Civic Innovation Fellowship	ongoing
2. Policy & Research Grants	Starting July
3. Crimean Community Enhancement Centers (follow-on awards)	March-October 2012
<b>Activity 2a: Support NGO efforts to propose legislative initiatives and build consensus for</b>	
1. Cooperation with key partners for legislative reform related to NGOs	ongoing
<b>Activity 2b: Support to key organizations that help NGOs overcome regulatory hurdles and/or provide legal advice on civil society legislation</b>	
1. Support to NGOs through on-line Marketplace and UNITER voucher	Ongoing
<b>Activity 3a: Support organization receiving grants for local advocacy to meet their basic organizational capacity strengthening needs.</b>	
1. Pact implements rapid organizational capacity assessments of local grantees	August
2. Organizational Capacity Assessment implementation	ongoing
<b>Activity 3b: Provide advanced capacity development program to key NGO partners/facilitate creating of national leaders.</b>	
1. Conduct advanced institutional strengthening to key NGOs	Ongoing
<b>Activity 3c: Activating the local Marketplace through LINC</b>	
1. Pact capacity building to local Marketplace administrator	Ongoing
<b>Activity 4a: Civic-private partnerships</b>	
1. Create enabling environment for Corporate Social Responsibility (CSR)	Ongoing